



January 17, 2019

Norma J. Arnold, President
Arnold's Beauty School
1179 South Second St.
Milan, TN 38358-2713

RE: Final Audit Determination

Audit Control Number (ACN): 04-2017-83254
OPE ID Number: 02257400

Dear President Arnold:

This letter advises Arnold's Beauty School (ABS) of the U.S. Department of Education's (Department's) final audit determination concerning the audit report of ABS's administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs). This report, prepared by Alexander Thompson Arnold, PLLC, Certified Public Accountants, in accordance with the Department's Guide for Audits of Proprietary Schools and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs Servicers – September 2016, covers the period January 1, 2017 through December 31, 2017.

The Department has reviewed ABS's corrective action plan provided with the audit report. Enclosed is the Department's final audit determination. Also enclosed is ABS's response to this audit. Any supporting documentation submitted with the institution's written response is not included with this final audit determination, however, it will be retained and available for inspection by ABS upon request. Copies of the final audit determination, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this final audit determination is issued.

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 ABS 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.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

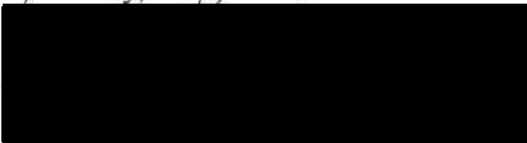
Kansas City School Participation Division
1010 Walnut Street, Suite 336, Kansas City, MO 64106-2147
www.FederalStudentAid.ed.gov

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 C.F.R. Part 668, Subpart G.

Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures 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).

ABS's continued cooperation throughout the audit resolution process is appreciated. If ABS has any questions about the Department's review, please contact Charles E. Glasper at (816) 268-0437 or charles.glasper@ed.gov.

Sincerely,



Dvak Corwin
Compliance Manager

Enclosure: Final Audit Determination
Arnold's Beauty School's Response to Audit

cc: Debra A. Arnold, Financial Aid Director
Council on Occupational Education

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-001, Borrower Not Notified Timely of Right to Cancel All or Part of Loan or Loan Disbursement, Page 14

AUDIT FINDING:

The auditors stated, "Out of a population of 55 students who were Title IV recipients in fiscal year 2017, we tested a sample of 27 students, and noted the following exceptions related to Direct Loan notice of disbursement and Right-to-cancel disclosure—

- Five instances in which the notifications provided to the students of the Direct Loan fund disbursements did not contain the required right-to-cancel disclosures.
- One instance in which the notification of disbursement did not contain the expected date of disbursement." (*Questioned Costs: None*)

FINAL AUDIT DETERMINATION:

In accordance with 34 C.F.R. § 668.165(a)(1-3), before an institution disburses Title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans.

Except in the case of a post-withdrawal disbursement made in accordance with §668.22(a)(5), if an institution credits a student ledger account with Direct Loan, Federal Perkins Loan, or TEACH Grant program funds, the institution must notify the student or parent of—

- The anticipated date and amount of the disbursement;
- The student's or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds or TEACH Grant proceeds returned to the Secretary; and
- The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

The regulations also state that the institution must provide the notice in writing—

- No earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution, if the institution obtains affirmative confirmation from the student; or
- No earlier than 30 days before, and no later than seven days after, crediting the student's ledger account at the institution, if the institution does not obtain affirmative confirmation from the student.

The Institution stated in the corrective action plan that "It is now keeping a copy of the student's copy which contains the Right-to-Cancel disclosure. Arnold's will exercise due care, all forms will be checked for completion and accuracy." ABS's response and action taken satisfactorily resolves this finding.

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-002, Student Enrollment Status—Inaccurate/Untimely
Reporting to NSLDS, Page 15

AUDIT FINDING:

The auditors stated, "We noted that out of five scheduled roster file updates, three roster files were not returned within 15 days of receiving the roster files. In addition, there was no scheduled update during the period from September 2, 2017 to December 31, 2017. A roster file update should be scheduled at least every 60 days, and there should have been a scheduled update on November 1, 2017 or earlier.

Out of a population of 55 students who were Title IV recipients in fiscal year 2017, we tested a sample of 27 students, and noted eight instances in which the student's enrollment status was reported late to NSLDS." (*Questioned Costs: None*)

FINAL AUDIT DETERMINATION:

Federal regulations state that a school shall—

1. Upon receipt of a student confirmation report from the Secretary, update all information included in the report and return the report to the Secretary within 30 days of receipt; and
2. Unless it expects to submit its next updated student confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days after the date the school discovers that—
 - (i) A loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
 - (ii) A student who is enrolled at the school and who received a loan under Title IV of the Act has changed his or her permanent address. *34 C.F.R. § 685.309(a)(2) and (b)*

Student enrollment information is extremely important, and all schools participating or approved to participate in the FSA programs must have online enrollment access and have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through an enrollment roster file. Enrollment information is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out-of-

school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. A school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. Changes in enrollment to less than half-time, graduated, or withdrawn must be reported within 30 days. *2016-2017 Federal Student Aid Handbook, Volume 2, Chapter 3, page 2-51*

A school should also report enrollment information for students who have received or benefited from any Title IV grant or loan, at their school or at a previously attend school. A student enrollment status may be created or updated by using the "Enroll" tab on the NSLDS Professional Access site: (<https://www.nslsdfap.ed.gov/>) or call **1-800-999-821**.

The Institution stated in the corrective action plan that "corrections have been made in NSLDS regarding the students noted, and Arnold's current third party servicer has an updated system for reporting enrollment status to ensure timely, accurate reporting within the required 15 days." ABS's response and action taken satisfactorily resolves this finding.

The Institution is reminded that these are repeat findings. Under *34 C.F.R. § 668.16*, a participating Title IV institution must demonstrate that it is capable of properly administering the Title IV programs. The Institution's inability or unwillingness to resolve a deficiency that has been previously identified in prior compliance audits may represent a lack of administrative capability on the part of the Institution as well as a possible lack of control over Title IV funds.

Failure to correct deficiencies which have been previously cited in audits and program reviews may result in the institution being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for possible administrative action. Such actions may include a fine and/or the limitation, suspension or termination of the institution's eligibility to participate in the federal student financial aid programs, pursuant to *34 C.F.R. Part 668, Subpart G*. If AAASG initiates an action, that office will notify you and will include at that time information on institutional appeal rights and procedures.

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-003, Verification Violations—Improperly Completed the Verification Process, Page 16

AUDIT FINDING:

The auditors stated, "Out of a population of 55 students who were Title IV recipients in fiscal year 2017, we tested a sample of 27 students, of those 27 students, 12 students were chosen for verification. During our audit, we noted two instances in which the School improperly completed the verification process. The details of these two instances are as follows—

- Student 12: The student's 2017-2018 ISIR was selected for verification and assigned tracking flag V1. Based on the verification support documentation in the student's file, the student provided additional income information in the amount of \$100. However, the additional income was not reflected in the final ISIR and there was no documentation supporting why the correction to the total income was not made.
- Student 20: The student's 2016-2017 ISIR transaction 01 was selected for verification and assigned tracking flag V1. The supporting documentation provided by the student indicated that there were SNAP benefits received. We were not able to determine if the correction for the SNAP benefits were made on the final ISIR transaction 03 (which is the final ISIR that was used to determine the student's Title IV eligibility) since the ISIR transaction 03 was missing.

However, it should be noted that if the above corrections were properly made, the students' eligibility for Title IV funds would not be affected." (*Questioned Costs: None*)

FINAL AUDIT DETERMINATION:

The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA funds. An institution must establish and use written policies and procedures for verifying information on an applicant's financial aid application. 34 C.F.R. § 668.53

The regulations at 34 C.F.R. §§ 668.54, 668.55, and 668.56, Information to be verified, state that each award year the Secretary publishes in the FEDERAL REGISTER notice the FAFSA information that an institution and an applicant may be required to verify. For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information under that the applicant must verify.

The Department's long-term goal is for a customized approach to verification. A menu of potential verification items for each award year will be published in the *Federal Register*, and the items to verify for a given application will be selected from that menu and indicated on the student's output documents. Output documents will continue to include only one verification flag to show students who were selected, and they will need to verify all the FAFSA items indicated below that apply to them—

- Adjusted gross income (AGI)
- U.S. income tax paid
- Education credits
- Untaxed IRA distributions
- Untaxed pensions
- IRA deductions and payments
- Tax-exempt interest
- Other untaxed income
- Income earned from work
- Household size
- Number in college
- Supplemental Nutrition Assistance Program (SNAP) benefits
- Child support paid
- High school completion status
- Identity/statement of educational purpose

In addition, the verification flag will have a value of "Y," and next to the EFC will be an asterisk referring to a comment in the student section of the SAR that tells applicants they will be asked by their schools to provide documentation. A verification tracking flag will be set on the applicant's Institutional Student Information Record (ISIR) to indicate placement in one of the 2016–2017 verification tracking groups.

In some cases an institution, not the CPS, will select a student for verification. The institution must verify any information it has reason to believe is incorrect on any application. At the institution's discretion, it may require a student to verify any FAFSA information and to provide any reasonable documentation in accordance with consistently applied institution policies. In either situation, the institution may, but is not required to, include any of the 2016–2017 CPS verification items not already included. Even if the institution does not do that, students with these applications are considered selected for verification and, as with CPS-selected applications, all other verification requirements, such as deadlines, allowable tolerances, and interim disbursement rules, apply. *2016-2017 Federal Student Aid Handbook, Application and Verification Guide, Chapter 4, Page-AVG78*

The Institution stated in the corrective action plan that "It will exercise due diligence to comply with the requirements related to verification and maintaining original documents and ISIRs in student files." ABS's response and action taken satisfactorily resolves this finding.

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-004, G5 Expenditures in COD Incorrectly Reported, Page 17

AUDIT FINDING:

The auditors stated, "During our audit, we noted six instances in which the dates of disbursements of Title IV funds per student ledgers differ from the dates of disbursement reported to COD. We also noted two instances in which amount of disbursement of Title IV funds per student ledgers differ from the amounts of disbursement reported to COD. The above exceptions were noted during the testing of 27 students sampled from the total population of 55 students. The chart below summarizes the details of these exceptions."

Student #	Program	COD Net Amount	Student Ledger Net Amount	COD Disbursement Date	Student Ledger Disbursement Date
12	Pell	\$ 1,973	\$ 1,973	9/1/2017	9/6/2017
15	DL-Subsidized	\$ 1,484	\$ 1,484	10/6/2017	10/10/2017
15	DL-Unsubsidized	\$ 1,979	\$ 1,979	10/6/2017	10/10/2017
16	Pell	\$ 2,908	\$ 2,908	8/3/2017	8/4/2017
17	DL-Unsubsidized	\$ 660	\$ 659	4/26/2017	4/26/2017
20	Pell	-	\$ 2,908	N/A	2/17/2017
21	Pell	\$ 2,265	\$ 2,265	8/30/2017	9/5/2017
26	Pell	\$ 2,908	\$ 2,908	5/24/2017	5/23/2017

(Questioned Costs: None)

FINAL AUDIT DETERMINATION:

The regulations at 34 C.F.R. § 668.24(b) of the Student Assistance General Provisions regulations states that an institution shall account for the receipt and expenditure of Title IV, HEA program funds in accordance with generally accepted accounting principles and shall establish and maintain on a current basis—

- Financial records that reflect each HEA, Title IV program transaction; and
- General ledger control accounts and related subsidiary accounts that identify each Title IV, HEA program transaction and separate those transactions from all other institutional financial activity.

An institution must submit Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan, and TEACH Grant disbursement records, as applicable, no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement. The regulations at 34 C.F.R. § 668.164(a) state that the

disbursement date is the date that an institution credits a student's account at the institution or pays a student or parent borrower directly with Title IV funds received from the U.S. Department of Education or with institutional funds in advance of receiving Title IV program funds. This is the date that an institution must report to COD as the actual disbursement date for a Direct Loan (DL), as distinguished from the anticipated disbursement date. The anticipated disbursement date is the date that an institution expects to disburse DL funds. The actual disbursement date is the date the funds are made available to the borrower. In many cases, the anticipated disbursement date that an institution initially reports to COD may not be the same as the actual disbursement date.

The regulations at 34 *CFR* 685.200(a) states that a student is eligible to receive a Direct Subsidized Loan, a Direct Unsubsidized Loan, or a combination of these loans, if the student meets the following requirements:

- The student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Direct Loan Program.
- The student meets the requirements for an eligible student under 34 *CFR* part 668.

The regulations at 34 *C.F.R.* § 690.83, *Submission of reports*, state that the Secretary accepts a student's Payment Data that is submitted in accordance with procedures established in the Federal Register. An institution that timely submits the Payment Data for a student but does not timely submit to the Secretary, or have accepted by the Secretary, the Payment Data necessary to document the full amount of the award to which the student is entitled, may receive a payment or reduction in accountability in the full amount of that award.

The regulations at 34 *C.F.R.* § 685.300(a) and (b)(5) state that participation of a school in the Direct Loan Program means that eligible students at the school may receive Direct Loans. To participate in the Direct Loan Program, a school must—

- Demonstrate to the satisfaction of the Secretary that the school meets the requirements for eligibility under the Act and applicable regulations; and
- Enter into a written program participation agreement with the Secretary.

The regulations also state that in the program participation agreement a school must promise to comply with the Act and applicable regulations and must agree to, on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.

While there is no regulatory requirement for reconciling the Federal Pell Grant Program on a monthly basis, it is almost impossible to satisfy other program requirements without

performing monthly reconciliation of the institution's Pell Grant Program participation. To be proactive, on a monthly basis, the institution should compare–

- the records of Pell Grant awards and scheduled disbursement to students made in the financial aid office to awards on individual student accounts in the business office;
- the record of disbursements in the school's Pell Grant Program ledger to the record of Pell Grants disbursed to students in the business office;
- the individual and program records of all adjustments (positive and negative) made during the period; and
- on an individual and program basis, the record of Pell Grants disbursed to students in COD to the records of Pell Grant disbursements in the business office. (*See 2016-2017 Federal Student Aid Handbook, Volume 4, Chapter 5, Page 4-118*)

The Institution stated in the corrective action plan that "It has corrected the five incorrect dates reported to COD by the previous third party servicer; the remaining incorrect student disbursement date was a clerical error and has been corrected. The two instances of differences in the amount of disbursement have been corrected; one was \$1 credit to the student, this has been credited to the student; the second was credited to the students account but was not showing in COD, this has been corrected in COD. Arnold's has updated the COD Reporting Policy to address reconciliation and proper procedures." ABS's response and action taken satisfactorily resolves this finding.

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-005, Satisfactory Academic Progress Policy Not
Adequately Developed, Page 18

AUDIT FINDING:

The auditors stated, "The School's current definition of a payment period, as published in their current Satisfactory Academic Progress Policy and Procedures is, "Payment periods are divided into four increments based on hours (0-450, 451-900, 901-1200, and 1201-1500)." The School's definition of a payment period is correct in terms of the hours. However, the definition did not specify the weeks of instructional time of the payment periods, which should be 15 weeks for the first two payment periods, and 10 weeks for the third and fourth payment periods." (*Questioned Costs: None*)

FINAL AUDIT DETERMINATION:

The regulations at 34 C.F.R. § 668.4(c)(1) and (2), Payment periods for an eligible program that measures progress in credit hours and does not have academic terms or for a program that measures progress in clock hours—

1. For a student enrolled in an eligible program that is one academic year or less in length—
 - (i) The first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the program and half of the number of weeks of instructional time in the program; and
 - (ii) The second payment period is the period of time in which the student successfully completes the program or the remainder of the program.
2. For a student enrolled in an eligible program that is more than one academic year in length—
 - (i) For the first academic year and any subsequent full academic year—
 - (A) The first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the academic year and half of the number of weeks of instructional time in the academic year; and
 - (B) The second payment period is the period of time in which the student successfully completes the academic year;

- (ii) For any remaining portion of an eligible program that is more than half an academic year but less than a full academic year in length—
 - (A) The first payment period is the period of time in which the student successfully completes half of the number of credit hours or clock hours, as applicable, in the remaining portion of the program and half of the number of weeks of instructional time remaining in the program; and
 - (B) The second payment period is the period of time in which the student successfully completes the remainder of the program; and
- (iii) For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program.

The Institution stated in the corrective action plan that "It has revised its Satisfactory Academic Progress Policy to include the weeks of instruction for each payment period." ABS's response and action taken satisfactorily resolves this finding.

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-006, Early Disbursement of Title IV Funds, Page 18

AUDIT FINDING:

The auditors stated, "Out of a population of 55 students who were Title IV recipients in fiscal year 2017, we tested a sample of 27 students, and noted one instance in which the School improperly disbursed Title IV funds prior to the student's completion of the previous payment period. The student eventually did complete the payment period and was then eligible for the disbursement." (*Questioned Costs: None*)

FINAL AUDIT DETERMINATION:

The regulations at 34 C.F.R. § 668.164(i), Early disbursements, state, in part, that the earliest an institution may disburse Title IV, HEA funds to an eligible student or parent is—

- If the student is enrolled in a credit-hour program offered in terms that are substantially equal in length, 10 days before the first day of classes of a payment period; or
- If the student is enrolled in a credit-hour program offered in terms that are not substantially equal in length, a non-term credit-hour program, or a clock-hour program, the later of—
 - i. Ten days before the first day of classes of a payment period; or
 - ii. The date the student completed the previous payment period for which he or she received Title IV, HEA program funds.

The regulations also state that an institution may not—

- Make an early disbursement of a Direct Loan to a first-year, first-time borrower who is subject to the 30-day delayed disbursement requirements in 34 C.F.R. § 685.303(b)(5). This restriction does not apply if the institution is exempt from the 30-day delayed disbursement requirements under 34 C.F.R. § 685.303(b)(5)(i)(A) or (B); or
- Compensate a student employed under the FWS program until the student earns that compensation by performing work, as provided in 34 C.F.R. § 675.16(a)(5).

The Institution stated in the corrective action plan that "A calculation error was made in allowing a disbursement to be made two weeks prior to the student completing the payment period. Arnold's has always strived for accuracy and will continue to exercise

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INSTITUTION: Arnold's Beauty School

FINDING NUMBER: 2017-007, Gainful Employment Data Submitted on Annual
Report Inadequate/Incorrect, Page 19

AUDIT FINDING:

The auditors stated, "During our testing of the gainful employment information reported by the School to the Department of Education for the award year 2016-2017, we noted the following exceptions:

- Three instances in which students who should have been reported were not included in the information submitted;
- Two instances in which the student's name was misspelled;
- One instance in which the student's social security number was mis-keyed;
- Two instances in which the student's start date was incorrect;
- One instance in which the student's status was incorrect; and
- One instance in which a student was reported twice." (*Questioned Costs: None*)

FINAL AUDIT DETERMINATION:

The regulations at 34 C.F.R. § 668.411(a)(1) and (2), Reporting requirements for GE programs, states, in part, that in accordance with procedures established by the Secretary, an institution must report—

- (1) For each student enrolled in a GE program during an award year who received Title IV, HEA program funds for enrolling in that program—
 - i. Information needed to identify the student and the institution;
 - ii. The name, CIP code, credential level, and length of the program;
 - iii. Whether the program is a medical or dental program whose students are required to complete an internship or residency, as described in §668.402;
 - iv. The date the student initially enrolled in the program;
 - v. The student's attendance dates and attendance status (e.g., enrolled, withdrawn, or completed) in the program during the award year; and
 - vi. The student's enrollment status (e.g., full-time, three-quarter time, half-time, less than half-time) as of the first day of the student's enrollment in the program.

- (2) If the student completed or withdrew from the GE program during the award year, an institution must report—
- i. The date the student completed or withdrew from the program;
 - ii. The total amount the student received from private education loans, as described in §668.404(d)(1)(ii), for enrollment in the program that the institution is, or should reasonably be, aware of;
 - iii. The total amount of institutional debt, as described in §668.404(d)(1)(iii), the student owes any party after completing or withdrawing from the program;
 - iv. The total amount of tuition and fees assessed the student for the student's entire enrollment in the program; and
 - v. The total amount of the allowances for books, supplies, and equipment included in the student's title IV Cost of Attendance (COA) for each award year in which the student was enrolled in the program, or a higher amount if assessed the student by the institution.

The Institution stated in the corrective action plan that “It has updated the 2016-2017 Gainful Employment information with all corrections including:

- Three instances in which students who should have been reported were not included in the information submitted;
- Two instances in which the student's name was misspelled;
- One instance in which the student's social security number was mis-keyed;
- Two instances in which the student's start date was incorrect;
- One instance in which the student's status was incorrect; and
- One instance in which a student was reported twice.

In the corrective action plan, the school stated that “It is implementing a plan for ensuring the accuracy and completeness prior to submitting it to the Department of Education in the future that involves assigning multiple people to review over each spreadsheet.” ABS's response and action taken satisfactorily resolves this finding.

- A clear statement of policy regarding the institution's policies, procedures, programs, and protocols required by the Campus Sexual Assault Victim's Bill of Rights including the following: 1) a description of educational programs and campaigns about these offenses that are provided to students and employees; 2) a statement about the importance of preserving evidence; 3) information on the student's option to notify law enforcement authorities and that institutional officials will assist victims or witnesses to navigate the reporting process; 4) information on how to secure an order of protection, "no-contact" orders, restraining order, or similar lawful orders issued by a criminal, civil, or tribal court or by the institution; 5) information on how to access existing counseling, health, mental health, victim advocacy, legal assistance, and other services; 6) information on how to request changes to academic, living, transportation, and working situations or protective measures and the fact that the institution must make such accommodations or provide such protective measures if the victim requests them and if they are reasonably available, regardless of whether the incident is reported to local law enforcement; 7) information about the institution's procedures for campus disciplinary actions in cases of an alleged crime of sexual or intimate partner violence; and, 8) a statement of policy that the institution will provide a student or employee that has been a victim of dating violence, domestic violence, sexual assault, or stalking, on- or off-campus, will receive a written explanation of the student's or employee's rights and options. *34 C.F.R. § 668.46(b)(11)*.
- A clear statement of policy that addresses the institution's programs to prevent dating violence, domestic violence, sexual assault, and stalking and that includes the following elements: 1) a description of primary prevention and awareness programs for all incoming students and new employees that included a statement that the institution prohibits all acts of dating violence, domestic violence, sexual assault, and stalking and 2) the definitions for dating violence, domestic violence, sexual assault, and stalking in the applicable jurisdiction; the definition of "consent" in reference to sexual activity in the applicable jurisdiction; a description of safe and positive options for bystander intervention; information on risk reduction programs and trainings. *34 C.F.R. § 668.46(j)*.
- A clear statement of the procedures that will be used in an institutional disciplinary proceeding in a case of an alleged incident of dating violence, domestic violence, sexual assault, or stalking. This disclosure must address each type of disciplinary proceeding used by the institution; the standard of evidence that will apply; the steps in the hearing process, anticipated timelines, and decision-making process for each type of disciplinary proceeding; how to file a disciplinary complaint; and how the institution determines which type of proceeding to use based on the circumstances of the allegations. The disclosure must also describe the range of possible sanctions and a list of available protective measures. *34 C.F.R. § 668.46(k)(1)*.

The Department carefully reviewed all available information, including ABS's narrative response and documentation found on its website. Based on that review and the institution's admissions, the violations noted in the auditor's finding are sustained. The Audit Resolution Specialist (ARS) also determined that the noted violations were, for the most part, satisfactorily addressed by the institution's remedial measures. As such, the Department has determined that the CAP meets minimum requirements and for these reasons, has accepted ABS's response and considers this finding to be closed for audit resolution purposes.

Notwithstanding this closure action, the officials and directors of ABS are advised that they are still obligated to take any other action that may be needed to fully address the auditor's finding and to reasonably ensure that these or similar violations do not recur. In this regard, the Department urges ABS to immediately review its 2018 ASR to ensure that it is accurate and complete and that the report has been actively distributed to required recipients. If any errors or omissions are identified, the report must be immediately revised and redistributed. ABS is also reminded that full compliance with the ASR distribution rule requires institutions to engage in an active distribution and notification effort, such as by emailing the actual report or an active web link to enrolled students and current employees. Simply posting the report to a website or generally making the document available around the campus will not suffice. Credible evidence of the institution's distribution efforts must be retained for inspection by the auditor or the Department. Prospective students and employees must be actively notified about the availability of the report and provided a copy upon request. As part of its internal review, ABS is advised to also ensure that its 2018 crime statistics survey response was accurate, complete, and fully reconciled with the data in the ASR. Finally, the institution and the auditor are reminded that the auditor must report on the effectiveness of the specific actions taken to address the finding with a detailed comment in the "Prior Audit" section of the next non-Federal audit report.

ABS is reminded that the exceptions identified in this finding constitute serious violations of the *Clery Act* that, by their nature, cannot be cured. There is no way to truly "correct" violations of this type once they occur. The requirement to produce an accurate and complete ASR and to actively distribute the report to students and employees is fundamental to the campus safety and crime prevention goals of the *Clery Act*. Access to this information permits campus community members and their families to make well-informed decisions about where to live, study and work, and empowers individuals to play a more active role in their own safety and security. The institution asserted that it has taken adequate remedial actions, and that, by doing so, is now in compliance with the *Clery Act*, as required by its Program Participation Agreement (PPA). Nevertheless, any failure to comply with these requirements deprives students and employees of important campus crime information to which they are entitled. For these reasons, the institution is advised that its remedial actions cannot and do not diminish the seriousness of these