



September 10, 2020

Mr. Gerald Yagen, President
Aviation Institute of Maintenance
4455 South Boulevard, Suite 500
Virginia Beach, VA 23452-1189

Sent by email to: president@centura.edu

RE: **Final Program Review Determination**
OPE ID: 03883400
PRCN: 2015-4-11-29136

Dear Mr. Yagen:

The U.S. Department of Education's (Department's) Office of Federal Student Aid issued a program review report on January 26, 2018 covering Aviation Institute of Maintenance's (AIM's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2014-2015 and 2015-2016 award years. AIM's final response was received on May 29, 2018. A copy of the program review report (and related attachments) and AIM's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by AIM upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

This FPRD contains one or more findings regarding AIM's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed. However, as noted above, this FPRD is being referred to AAASG for possible adverse administrative action. If an adverse administrative action is initiated, additional information regarding AIM's appeal rights with regard to such an action will be included as part of AAASG's notice.

This FPRD contains one or more findings regarding AIM's failure to comply with the requirements of the Drug-Free Schools and Communities Act Amendments of 1989 as reflected in Section 120 of the HEA, 20 U.S.C. § 1011(i), and the Department's regulations in 34 C.F.R. Part 86. Since such a finding does not result in a financial liability it may not be appealed at this time. However, as noted above, this FPRD is being referred to AAASG for possible adverse administrative action. If an adverse administrative action is initiated, additional information regarding AIM's appeal rights with regard to such an action will be included as part of AAASG's notice.

The total liabilities due from the institution from this program review are \$722.49.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. This appendix was encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

If AIM elects to appeal to the Secretary of Education for a review of the financial liabilities established by this FPRD, the institution must file a written request for a hearing. Please note that institutions may appeal financial liabilities only. The Department must receive AIM's request no later than 45 calendar days from the date AIM receives this FPRD. **The Department requests that AIM submit an original and four copies of its complete request for review.** The request must be sent to:

Attn: Susan Crim, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement
830 First Street, NE UCP3, Room 84F2
Washington, DC 20002-8019

AIM's appeal request must:

- (1) indicate the findings, issues, and facts being disputed;

- (2) state the institution's position, together with pertinent facts and reasons supporting its position; and
- (3) include a copy of the FPRD received by the school.

When it submits its request for appeal, the institution may also include documentation it believes the Department should consider in support of the appeal if such documentation is submitted, please provide one copy on an electronic format, preferably as a PDF, such as on a flash drive. Please provide the additional copies in hard copy format.

If any appeal documents include personally identifiable information (PII), the PII must be redacted, except for the student's name and last four digits of his/her social security number (please see the enclosed document, "Protection of Personally Identifiable Information," for instructions on how to mail records containing PII).

If the institution's appeal is timely, the request for appeal will be transmitted to the Department's Office of Hearings and Appeals (OHA), for an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The Hearing Official assigned to the case will issue an order scheduling the submission of briefs and supporting evidence in accordance with 34 C.F.R. § 668.114(c). The institution may therefore submit additional documentation supporting its appeal request at that time. Further, if the institution is appealing a projected liability amount, it may provide detailed liability information from a complete file review, either at the time it initially submits its appeal request or pursuant to the proceedings at OHA. The procedures followed with respect to AIM's appeal are those provided at 34 C.F.R. Part 668, Subpart H. Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: the resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Michael E. Powers at michael.e.powers@ed.gov or (312) 498-8394. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,



Michael Frola
Division Chief

Aviation Institute of Maintenance

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Enclosure:

Protection of Personally Identifiable Information

Program Review Report (and appendices)

Final Program Review Determination Report (and appendices)

cc: [REDACTED], Corporate Director Financial Aid (sent via e-mail to pfreund@centura.edu)
[REDACTED], Director, State Council of Higher Education for Virginia (sent via e-mail to
[REDACTED]@schev.edu)
[REDACTED], Associate Executive Director, Accrediting Commission of Career
Schools and Colleges (sent via e-mail to [REDACTED]@accsc.org)
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Prepared for

Aviation Institute of Maintenance

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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OPE ID 03883400

PRCN 2015-4-11-29136

Prepared by

U.S. Department of Education

Federal Student Aid

Multi-Region and Foreign Schools Participation Division

Final Program Review Determination September 10, 2020

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A. Institutional Information

Aviation Institute of Maintenance
10640 Davidson Place
Manassas, Virginia 20109

Type: Proprietary

Highest Level of Offering: Non-Degree, 2-year certificates

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: 151 (2015)

% of Students Receiving Title IV: 83% (2015)

Title IV Participation (PCNet):

	2015-2016
Pell Grant	\$ 560,695
Federal Stafford Direct Loan (Direct Loan)	\$1,438,271
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 19,348

Default Rate FFEL/DL:	2016	21.2%
	2015	17.1%
	2014	1.1%

B. Scope of Review

The U.S. Department of Education (the Department) Office of Federal Student Aid conducted a program review at Aviation Institute of Maintenance (AIM) from September 14, 2015 to September 17, 2015. The review was conducted by Michael Powers, Ron Bennett, Michelle Allred, and Alan Toms.

The focus of the review was to determine AIM's compliance with the statutes and regulations as they pertain to the institution's administration of the Federal student aid programs under Title IV of the Higher Education Act of 1965, as amended, U.S.C. §§ 1070 et seq. (Title IV programs). The review consisted of, but was not limited to, an examination of AIM's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

The Department identified a sample of 30 files for review from the 2014-2015 and 2015-2016 award years (through September 17, 2015). The Department randomly selected the files from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

The Department issued its Program Review Report (PRR) on January 26, 2018, which is included in Appendix B to this report. AIM submitted its first written response to the PRR on March 13, 2018 ("March 13, 2018 Response"). This response was complete, except for proof of redistribution to students of the online location of the Annual Security Report (ASR) and Drug and Alcohol Abuse Prevention Program (DAAPP), and statements affirming AIM's understanding of and compliance with Clery and Part 86 requirements. It submitted copies of the revised ASR and DAAPP as well as proof of distribution of those materials to all students and staff, along with the required certification statements on May 29, 2018 ("May 29, 2018 Response"), which completed AIM's response to the PRR. Both the March 13, 2018 Response and May 29, 2018 Response are included in Appendix C.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning AIM's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve AIM of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Final Determinations

Resolved Findings/Findings without Liabilities

Findings 4-9

AIM has taken the corrective actions necessary to resolve findings 4-9 of the Program Review Report. Therefore, this/these findings may be considered closed. The institution's written response related to the resolved findings is contained in Appendix C.

Finding 4 Ineligible Pell Grant Disbursements
Finding 5 Attendance Records Missing/Policy Inadequate
Finding 6 Inaccurate Recordkeeping

Finding 7 Student Status - Inaccurate/Untimely Reporting
Finding 8 Student Credit Balance Deficiencies
Finding 9 Title IV Funds Improperly Used to Pay Prior Year Charges

Findings with Established Liabilities

The program review report finding with liabilities requiring further action is summarized below. At the conclusion of the finding is a summary of AIM's response to the finding, and the Department's final determination for the finding. A copy of the program review report issued on January 26, 2018 is attached as Appendix B.

Finding #3: Return of Title IV Errors

Summary of Noncompliance:

A student in a nonterm or nonstandard-term program is considered to have withdrawn from a payment period or period of enrollment if the student is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence, as defined in 34 C.F.R. §668.22(d). 34 C.F.R., per §668.22(a)(2)(i)(C).

When a recipient of Title IV Funding withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV funding that the student earned as of the withdrawal date in accordance with requirements for calculating the amount of Title IV as described in 34 C.F.R. § 668.22(e), per 34 C.F.R. § 668.22(a)(1).

According to 34 § C.F.R. 668.22(b)(1) for institutions that are required to take attendance, a student's withdrawal date is the last date of academic attendance as determined by the institution's attendance records. An institution is required to take attendance as set forth in 34 § C.F.R. 668.22(b)(3) if the institution itself has a requirement that its instructors take attendance, or the institution has a requirement that can only be met by taking attendance.

Dear Colleague Letter 04-03 (Revised November 2004) states that except in unusual instances, at an institution that is required to take attendance, the Department would expect that the date of the institution's determination that the student withdrew would be no later than 14 days after the student's withdrawal date--the last date of academic attendance as determined by the institution from its attendance records.

34 C.F.R. § 668.22(j)(1) describes the timeline for the return of Title IV funds not earned – as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew.

Through the review of student records and interviews with staff, the Department discovered that AIM failed to timely determine whether students had withdrawn from school after 14 days of non-attendance. AIM's catalog stated, "Any student who ceases attending without notifying the institution is considered an unofficial withdrawal...If the school is required to take attendance, the school will make this determination no later than 14 days after the last recorded date of attendance or presence at an academically related event."

AIM's catalog did not describe a policy or procedure for a student to provide their written intent to return to a future module in the same payment period.

One student ceased attendance at AIM and AIM failed to timely determine whether or not the student was withdrawn. After 14 days of nonattendance, AIM should have determined whether or not the student intended to return to school, and if not, performed an R2T4 calculation at that time. However, AIM did not make this determination in a timely manner and did not secure the student's written intent to return to a future module until 20 days after the student's last recorded date of attendance.

Another student ceased attending AIM for a period of 39 days. There was no indication in the student's file that AIM made a determination within 14 days of nonattendance whether the student had withdrawn from school. The student's enrollment was maintained at AIM during this period of nonattendance. The student resumed attendance, and later ceased attendance for a second time. Again, there was no indication in the student's file that AIM made a determination within 14 days as to whether the student had withdrawn from school. There was no indication in the student's file that the student requested a leave of absence. In this case, AIM could not use the provision that allows the written intent to return to a future module within 45 days, because that provision is only used for future attendance at a module within the same payment period, and each time this student ceased attending, the student's break in attendance came at the end of a payment period. Although AIM's Intent to Return ("ITR") form indicates that the student will be withdrawn if they do not return as scheduled, AIM placed the student immediately on a Leave of Absence, though there were no materials in the student's file to support a Leave of Absence in accordance with AIM's published policy. When the student failed to return from the Leave of Absence, AIM completed an R2T4 calculation for the student. No return was due for the student since the student had completed the payment period.

Similarly, the Department's sample contained another student for which AIM could not use the provision that allows the written intent to return to a future module within 45 days, because the student's break in attendance came at the end of a payment period. In this case, AIM also reported the student with a status of "Leave of Absence" after the initial break in attendance and later completed an R2T4 calculation for the student. No return was due for the student since the student had completed the payment period.

AIM improperly allowed students to maintain enrollment by collecting the student's written intent to return, not at the time of temporary separation from school, but after more than 14 days of nonattendance, or at the end of a payment period

AIM also failed to perform the R2T4 calculation correctly for 1 student in the program review sample.

An institution's failure to accurately determine the amount of Title IV funds earned by a student who withdraws may result in the institution retaining funds to which it is not otherwise entitled, or it may deprive a student of funds which may have been used to reduce an institutional balance or pay for living expenses. This may cause increased expense for both the student and the Department.

Directives from PRR: AIM was directed to perform a file review of all Title IV recipients in the 2014-2015 and 2015-16 award years who ceased attendance without completing a payment period in which they received a disbursement of Title IV funds.

AIM was also required complete a file review of all Title IV recipients whose enrollment at AIM was continued by AIM obtaining the student's written intent to return to a future module, whether that student ultimately withdrew or not.

In addition, for each student identified in either file review, supporting documentation was to be submitted with the institution's response.

AIM was required to develop an ITR Policy that is in accordance with the provisions of 34 CFR §668.22 (a)(2)(i)(C). and submit a copy of such a policy with the institution's response if AIM intended to continue to use the ITR provision as a mechanism for students taking classes in modules to temporarily cease attending while providing proof of an intent to return to a future module in the same payment period.

Analysis of Liability Determination: AIM informed the Department during the program review that it was phasing out the usage of the ITR provision. AIM did not submit an ITR in accordance with the standards of 34 CFR §668.22 (a)(2)(i)(C) with the institution's response to the PRR. AIM's publicly available catalog on its web site does not reference the Intent to Return provisions. Therefore, it appears that AIM has in fact ceased using ITR provisions as a mechanism to continue students' enrollments, and that all students or former students are either enrolled, on an approved leave of absence, graduated, or withdrawn.

Nonetheless, AIM's improper use of the ITR provisions during the 2014-2015 and 2015-2016 award years, as well as calculation errors, caused problems with the accurate and timely Return of Title IV funds (R2T4) by AIM as described in the PRR.

AIM completed a full file review of students who ceased attendance without completing a payment period in which they received a disbursement of Title IV funds, as well as students who used the Intent to Return provision, whether they withdrew or not. AIM also provided supporting documentation related to these issues.

The file review for students who failed to complete the payment period for which they received Title IV funds identified the following issues (details for students with two-digit student numbers were described in the PRR; details for students with three-digit student numbers can be found in Appendix D-1).

- The determination that the student had withdrawn after a period of 14 days of nonattendance was made late for the following students:
 - 2014-2015 Award Year: 12, 13, 29, 106, 138, 144, 156, 162, 163, 184, 187, 193
 - 2015-2016 Award Year: 122, 124, 137, 173, 204
- The R2T4 calculation was incorrect for the following students:
 - 2014-2015 Award Year: 28, 120, 138, 172
 - 2015-2016 Award Year: 118, 122, 124, 134, 153, 173, 205, 2011, 218, 267
- AIM failed to return ineligible disbursements timely for the following students:
 - 2014-2015 Award Year: 28
 - 2015-2016 Award Year: 205, 255

The file review for students for whom AIM continued enrollment based on a written intent to return to a future module in the same payment period identified the following issues (more details can be found in Appendix D-1).

- The ITR form was signed late for the following students:
 - 2014-2015 Award Year: 11, 21, 106, 242
 - 2015-2016 Award Year: 8, 18, 218, 232, 239

- Title IV funds were disbursed when the following students were not attending AIM, due to the ITR provision:
 - 2014-2015 Award Year: 28, 138, 224, 242, 253, 254, 263, 265
 - 2015-2016 Award Year: 24, 203, 216, 227, 236
- ITR forms had errors for the following students:
 - 2014-2015 Award Year: 106, 257
 - 2015-2016 Award Year: 204, 244
- NSLDS reporting errors related to the ITR provision were discovered for the following students:
 - 2014-2015 Award Year: 184, 257, 265, 266
 - 2015-2016 Award Year: 124, 220, 227
- The following students did not return on the date indicated on their ITR form and were not withdrawn from school in accordance with the ITR policy:
 - 2014-2015 Award Year: 184, 211, 245
 - 2015-2016 Award Year: 203, 204, 211, 227, 236
- AIM failed to return Title IV funds timely for the following students – issue caused by extending enrollment using ITR:
 - 2014-2015 Award Year: 230
- The following students earned hours in class or make-up hours after signing ITR form which indicates a last date of attendance:
 - 2014-2015 Award Year: 238, 241, 251, 262
 - 2015-2016 Award Year: 200, 212
- Title IV funds were disbursed when the following students were not attending AIM, due to the ITR provision:
 - 2014-2015 Award Year: 28, 138, 224, 242, 253, 254, 263, 265
 - 2015-2016 Award Year: 24, 203, 216, 227, 236
- The following students signed an ITR form and the next module was not scheduled to begin within 45 days of the end of the module in which the student ceased attending:
 - 2014-2015 Award Year: 242
- The ITR form was used at the end of a payment period; ITR only applies to ceasing attendance and returning within the same payment period:
 - 2014-2015 Award Year: 12, 13, 245, 252, 257, 262, 265
 - 2015-2016 Award Year: 220
- Leave of absence issues, due to the use of the ITR provision were discovered for the following student:
 - 2015-2016 Award Year: 227

The file reviews found that AIM made late returns of Title IV funds related to ineligible disbursements made while the student was not attending under the ITR and R2T4 provisions for students 24, 28, 120, 124, 138, 203, 205, 216, 224, 227, 230, 242, 253, 254, 255, 263, and 265, and is responsible for the cost of funds associated with those returns.

Title IV Program	Principal Amounts Returned	Cost of Funds to the Department for the Days AIM Held Ineligible Funds Before Return
Pell Grant	\$20,857.00	\$33.86
FSEOG	\$500 (\$375 Federal Share)	\$0.19

Direct Loan	\$48,375	\$50.00
Total Owed to the Department		\$84.05

In addition, due to R2T4 errors, AIM must adjust the disbursement records in COD and return the funds for students 120 and 124, as well as pay the applicable cost of funds associated with those returns. The cost of funds was calculated from the latest date that funds could have been returned based on the student's last date of attendance to the date of the Program Review Report, which was January 26, 2018.

Title IV Program	Principal Amounts to Return	Cost of Funds to the Department for the Days AIM Held Ineligible Funds
Pell Grant (Student #120)	\$235.00	\$7.44
Subsidized Direct Loan (#124)	\$390.00	\$6.00
Total Owed to the Department	\$625.00	\$13,44

The total amount owed to the Department as a result of this FPRD is \$235.00 in Federal Pell Grant principal, \$390.00 in Federal Direct Subsidized Loan principal, and \$97.49 in cost of funds to the Department, for a total of \$722.49. The details of the liability calculations can be found in Appendices D-2 and E. Repayment instructions can be found in Section E at the end of this report.

Campus Safety and Security Findings

The following program review finding(s) has/have been addressed by the institution and may be considered closed for purposes of program review. The Department will provide a separate notice if an administrative action is initiated or additional corrective actions are needed.

Finding 1 Crime Awareness Requirements Not Met

Summary of Noncompliance: *The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV program funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. §668.46(b). With the exception of certain drug and alcohol prevention program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements. §485(f) of the HEA; 34 C.F.R. §668.46(b).*

The ASR must be prepared and actively distributed as a single document. Acceptable means of distribution include U.S. Mail, campus mail, hand delivery, or by posting the ASR on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees a statement of the report's availability and a link to its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. §668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also inform interested parties about how to obtain a paper copy of the ASR. 34 C.F.R. §668.41(e)(4).

An institution's ASR must include the statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson. Statistics for certain hates crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage

of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities (as a subset of category # 1); 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. §668.46(c)(1).

A campus is defined as any building or property owned or controlled by an institution within the same reasonably contiguous geographic area and used by the institution in direct support of, or in a manner related to, the institution's educational purposes, including residence halls; and any building or property that is within or reasonably contiguous to this area that is owned by the institution but controlled by another person, is frequently used by students, and supports institutional purposes (such as a food or other retail vendor). Non-campus building(s) or property is defined as any building or property owned or controlled by a student organization that is officially recognized by the institution; or any building or property owned or controlled by an institution that is used in direct support of, or in relation to, the institution's educational purposes, is frequently used by students, and is not within the same reasonably contiguous geographic area of the institution. Public property is defined as all public property, including thoroughfares, streets, sidewalks, and parking facilities, that is within the campus, or immediately adjacent to and accessible from the campus. 34 C.F.R. §668.46(a).

An ASR must also include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Furthermore, institutions must provide detailed policies of the issuance of timely warnings and emergency notifications as well as its emergency response and evacuation procedures. All required information referenced in 34 C.F.R. §668.46(b) must be published in the ASR. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements of the Clery Act. §485(f) of the HEA; 34 C.F.R. §668.46(b).

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool (Cutting Tool)." 34 C.F.R. §668.41(e)(5).

AIM violated multiple provisions of the Clery Act. Specifically, the Institute failed to prepare, publish and distribute an accurate and complete 2014 ASR to all current and prospective students, faculty, and staff, and the 2014 ASR was not actively distributed as a single document with a direct link to the report's exact electronic address. Additionally, the following inaccuracies and omissions were discovered: 1) the crime, arrest and disciplinary action statistics were not presented correctly in the 2014 ASR; 2) the crime, arrest and disciplinary action statistics in the 2014 ASR did not match the data presented in the Cutting Tool; 3) the Cutting Tool did not contain any statistical data related to offenses occurring on noncampus properties; and 4) the 2014 ASR omitted required information regarding a campus security policy, and referred readers to the Institute's catalog to obtain procedural and policy information that was required to be contained within the ASR.

The documentation that AIM provided to the Department regarding the distribution of the annual security report contained a generic link to the Institute's "Your Right to Know" page, which

contained a list of many various state and federally required disclosure links. Upon clicking the link contained in AIM's distribution e-mail, two additional clicks were required to access the ASR for the Manassas campus.

Listed below are details of the specific content violations outlined above:

- 1. AIM failed to report any statistics in the category Negligent Manslaughter for the reporting years 2011 through 2013 in its 2014 ASR;*
- 2. AIM failed to report any statistics in the Additional Hate Crime Information section of the report for the category Other Crimes Involving Bodily Injury for the reporting years 2011 through 2013 in its 2014 ASR;*
- 3. AIM failed to include information about sanctions regarding sex crime in its 2014 ASR. Although Section 9 of the 2014 ASR states that "School disciplinary proceedings, as well as special guidelines for cases involving sexual misconduct, are detailed in the Catalog," this information must be fully specified in the ASR; and,*
- 4. AIM failed to include in its 2014 ASR a policy to offer required options about the involvement of law enforcement and campus authorities, including notification of the victim's option to -*
 - (1) Notify proper law enforcement authorities, including on-campus and local police;*
 - (2) Be assisted by campus authorities in notifying law enforcement authorities if the victim so chooses; and*
 - (3) Decline to notify such authorities.*

Rather, AIM's policy states that the local Police Sex Crimes Unit will be notified, as well as a representative from student services. Although the policy offers that the victim of sexual assault may choose to have an investigation pursued through the criminal justice system and/or the school disciplinary council, the option to decline to notify any internal or external authority is not given.

Failure to produce an accurate and complete ASR, containing all required policy, procedural and statistical information, and to actively distribute that report as a comprehensive document to all current students and employees in accordance with Federal regulations deprives the campus community of important security information that can empower its members to make informed decisions and play an active role in their own safety and security.

Directives from PRR: *As a result of these violations, AIM was required to review and revise its existing internal policies and procedures that govern the preparation, publication, and distribution of its ASR, and develop and implement any new policies and procedures as needed to ensure that all subsequent ASRs are accurate and complete. As part of its examination, the Institute was required to review the crime, arrest and disciplinary action statistics that were included in the 2014 ASR for the Manassas campus and the data that was submitted to the Department's Cutting Tool.*

AIM was required take immediate action to: 1) add the missing statistical data for the two crime, arrest and disciplinary action reporting categories (as described in the Noncompliance section of this finding) to its ASR; 2) remove the column reporting Noncampus crime statistics from its ASRs; and, 3) correct any errors presented in the Cutting Tool. Each error corrected by the Institute was to be clearly identified in the response to the program review report.

A copy of the 2017 ASR was to accompany AIM's response to the program review report. Once the new 2017 ASR was evaluated by the review team for accuracy and completeness, the review team was to advise the Institute whether additional revisions were required.

The Department was to evaluate the 2017 ASR and all crime, arrest and disciplinary action statistical data changes made to the Department's website for accuracy and completeness. If any other changes are required, AIM would be required to actively distribute updated reports to all current and potential students, faculty and staff in accordance with 34 C.F.R. §668.41(e).

In addition, the Institute was required to provide a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. 34 C.F.R. §668.41(e). This certification was to affirm that AIM understands all of its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, 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" a violation of this type once it occurs. The Institute will be given an opportunity to address all weaknesses in its Clery Act compliance program and, in so doing, will begin to bring its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement. However, please be advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

Based on an evaluation of all available information, including AIM's response, the Department was to determine if additional actions will be required to address this finding. The Department was to advise the Institute accordingly in its Final Program Review Determination (FPRD) letter.

AIM is also reminded that the Violence Against Women Reauthorization Act of 2013 (VAWA) (Pub. Law 113-4), among other provisions, amended the Clery Act to require institutions to compile statistics for incidents of domestic violence, dating violence, sexual assault, and stalking, and to include certain policies, procedures, and programs pertaining to these incidents in the school's ASR. On October 20, 2014, the Department's final regulations were published in the Federal Register (Vol. 79, No. 202). The changes to the regulations at 34 C.F.R. §668.46, which governs the Clery Act requirements, went into effect July 1, 2015. The Department amended 34 C.F.R. §668.46 to implement the VAWA statutory changes and updated this section by incorporating provisions added to the Clery Act by the Higher Education Opportunity Act. For information about the modifications to 34 C.F.R. §668.46, please see the following electronic announcement: <http://ifap.ed.gov/eannouncements/102014ViolenceAgainstWomenAct.html>. The announcement includes a link to the Federal Register (Vol. 79, No. 202). An institution's ASR must incorporate the changes made to 34 C.F.R. §668.46.

Analysis of Determination: In its response to the PRR, AIM concurred that the 2014 ASR did not include the correct presentation of certain statistical data. Specifically, the Institute concurred that it failed to report statistics in the crime category Negligent Manslaughter for the 2014 ASR reporting on years 2011, 2012, and 2013, and that it failed to report statistics in the Additional Hate Crime Information section under Other Crimes Involving Bodily Injury for the 2014 ASR reporting on years 2011, 2012, and 2013. Upon review of its crime statistics data, the Institute determined there were no instances of Negligent Manslaughter to be reported for 2011, 2012, or 2013. The Institute did not specifically concur or disagree that it failed to include information about sanctions regarding sex crime for the 2014 ASR reporting on 2011, 2012, and 2013 or that it failed to include a policy offering victims the option to notify proper law enforcement authorities, both on-campus and local police, receive assistance from the campus in notifying law enforcement authorities if desired, or to decline to notify any and all authorities. However, the

Institute stated that it updated its ASR to reflect “a more informative and detailed discussion of” these policy statements. The Institute made the corrections to its ASR report template to include the missing statistical category and its revisions to the noted policy statements.

AIM included an email from the Campus Security Help Desk to document that the 2014 crime statistical data has been archived, and is therefore, inaccessible for the purposes of editing the data in the Cutting Tool. However, the Institute added to its 2017 ASR the required information about sanctions regarding sex crimes, as well as a policy offering victims the option to notify proper law enforcement authorities, both on-campus and local police; receive assistance from the campus in notifying law enforcement authorities if desired; or to decline to notify any and all authorities.

Although the PRR required that AIM submit a draft 2017 ASR in response to the PRR for review and approval by the Department prior to distribution, the Institute had already prepared and distributed the 2017 ASR before receiving the PRR. AIM had partially corrected its 2017 ASR based on preliminary discussion with the Department during fieldwork and through the program review process, but not all of the policy statements nor the statistical presentation had been corrected prior to distribution. Additionally, from the program review to the issuance of the PRR, the regulatory requirements changed, eliminating the need to update the statistical element “Other Crimes Involving Bodily Injury.”

AIM submitted a revised ASR template, which reflects all required statistical and policy presentations discussed above. The Department has reviewed the revised ASR template and has approved the use of the template for the issuance of the 2018 and future ASRs. Upon approval of that template, the Institute used the new template to revise and redistribute its 2017 ASR. AIM provided the Department with a certification statement attesting to proper distribution of that revised 2017 ASR, as well as affirming the Institute’s understanding of its *Clergy Act* obligations and confirming that it has taken all measures necessary to ensure compliance with the requirements of the *Clergy Act* going forward.

The Department carefully examined AIM’s narrative response and supporting documentation. Based on the Department’s review, and the Institute’s admission of noncompliance, each of the violations identified in the initial finding is sustained. The review team’s analysis also indicated that the identified violations were, for the most part, adequately addressed by the final version of AIM’s 2017 ASR and its new and revised policies and procedures. As such, the Department has determined that the Institute’s remedial action plan meets minimum requirements and, for these reasons, has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of AIM are put on notice that the Institute must take any other action that may be necessary to address the deficiencies identified by the Department, as well as any additional deficiencies and weaknesses that were detected during the preparation of the response, and/or as may be needed to otherwise ensure that these violations do not recur.

Although the finding is now closed for program review purposes, AIM is reminded that the exceptions identified above constitute serious violations of the *Clergy Act* that, by their nature, cannot be cured. There is no way to truly “correct” violations of this type once they occur. The Institute is advised that its remedial measures cannot and do not diminish the seriousness of these violations, nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Because of the consequences of this serious compliance failure, the Department strongly recommends that AIM officials re-examine the Institute’s campus safety and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current

institutional practices and are compliant with Federal requirements. To that end, AIM officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2016) as a reference guide on *Clery Act* compliance. The Handbook is available online at: www.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. Institute officials can access these materials at: www.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§668.14, 668.41, and 668.46.

Finally, in light of the findings identified during the review, AIM is also reminded that Section 304 of VAWA amended the *Clery Act* to require institutions to compile and disclose statistics for incidents of domestic violence, dating violence, sexual assault, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention, response, and adjudication in their ASRs. Because the Department issued Final Rules on the VAWA amendments on October 20, 2014, the regulations went into effect on July 1, 2015, per the Department's Master Calendar. The text of the Final Rule is at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

Finding 2 Drug and Alcohol Abuse Prevention Program (DAAPP) Requirements Not Met

Summary of Noncompliance: *The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.*

On an annual basis, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll after the initial distribution has been published, and for employees who are hired at different times throughout the year. The information must include:

- 1. A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;*
- 2. A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;*
- 3. A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;*
- 4. A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and*
- 5. A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.*

The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year. 34 C.F.R. §§86.3 and 86.100.

AIM violated multiple provisions of the DFSCA and the Department's Part 86. Specifically, AIM violated DFSCA's annual DAAPP disclosure distribution requirement by failing to deliver program information to all employees. AIM also failed to provide a DAAPP disclosure to students who missed orientation, or to second-year students.

Additionally, the DAAPP was not prepared and actively distributed. AIM indicated that students received information relating to the DAAPP through orientation sessions, new student meetings, in the student handbook and code of conduct, via the web site, and by the same distribution e-mail used to notify students and staff of the availability of the ASR. However, the ASR distribution e-mail only mentioned that the Institute's Campus Security policy addresses drug and alcohol abuse. No provision was made for second-year students to receive information on the DAAPP beyond this brief mention in the ASR distribution e-mail. The biennial review report regarding AIM's review of the DAAPP contained excerpts from the code of conduct document, the catalog, and a document entitled, "AIM Guidelines for On-Campus Prevention of Students' Abuse of Alcohol and Other Drugs." However, there was no indication that this information had been prepared or distributed as a single document.

Failure to comply with the DFSCA's DAAPP requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and/or alcohol abuse. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime.

Directives from PRR: *AIM was required to take all necessary corrective actions to resolve these violations. The Institute was required to develop procedures for ensuring that the DAAPP program materials are prepared as a single document and distributed annually to every student who is currently enrolled for academic credit and all employees. AIM was to provide a draft copy of its DAAPP and new distribution policy with its response to the program review report. Once the materials were approved by the Department, the Institute was to distribute them in accordance with the Part 86 regulations, and provide documentation evidencing the distribution, as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA. This certification was to also affirm that the institution understands all of its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur. The distribution was to include the DAAPP document or point directly to its electronic address on AIM's web site and may not be a nonspecific e-mail that points only to the school's "Your Right to Know" page.*

As noted above, the exceptions identified in this finding constitute serious violations of the DFSCA that, by their nature, cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. The Institute will be given an opportunity to develop a procedure for distributing an accurate and complete DAAPP disclosure to bring its drug and alcohol programs into compliance with the DFSCA as required by its PPA. However, AIM is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all available information, including AIM's response, the Department was to determine if additional actions will be required and was to advise AIM accordingly in its FPRD.

Analysis of Determination: *In its response to the PRR, AIM did not specifically concur or disagree with this finding. However, AIM indicated in its response that it did not follow its policies and procedures in disseminating information to its students and staff regarding the DAAPP program in 2014. However, the Institute indicated that, based on the PRR, it has instituted procedures that will ensure that the proper materials are prepared and distributed in accordance with the DFSCA going forward.*

AIM stated that it has prepared a single document that outlines its DAAPP, and that it will distribute the DAAPP to each student and staff member. The Institute also stated that new

students will receive the DAAPP at new student orientation, and students will sign an Orientation Checklist confirming that they have received certain documents, including the DAAPP. In addition, new staff will receive a copy of the program during on-campus orientation, which occurs during their first week of employment. Continuing students and seasoned staff members will receive an annual email with a specific URL link reminding them of the DAAPP, and of resources provided by the school every December. The website displaying the DAAPP will also be available year-round.

To facilitate additional access to resource materials, AIM stated that it has placed copies of up-to-date pamphlets on the campus' Drug and Alcohol policies, current information from the local Health Department (Prince William County Behavioral Health), and various other health organizations in high traffic areas. Those pamphlets are updated on a quarterly basis. Throughout the year, DAAPP material is also available in tandem with other events. Additionally, communication on alcoholism and drug abuse is provided to students and staff through "lunch-and-learns" and guest speakers.

Information on the DAAPP is also communicated in the student lounge, via a television monitor. This monitor runs continuously throughout the school day and includes resources on area programs and assistance offered within the county.

Finally, staff is required to attend an annual Drug and Alcohol Prevention Seminar held at the campus. Additionally, local healthcare providers and Drug/Alcohol Rehabilitation Specialists are on hand throughout the seminar to provide expertise on various programs, and to offer valuable industry insight.

The DAAPP also offers a bi-annual Drug and Alcohol Prevention Seminar for the entire student body. The seminar's facilitators are trained Alcohol and Drug Rehabilitation Specialists from various private and public arenas, in and around the campus. A sign-in sheet is used to ensure that students attend these sessions. During these sessions, students sign for and are given copies of the DAAPP program materials.

Upon Department approval of the revised DAAPP materials and procedures, AIM provided proof of distribution of its DAAPP materials to students and staff. The Institute additionally provided the Department with a statement of certification that this distribution had taken place, and that AIM has taken all corrective action necessary to prevent further violations.

The Department carefully examined AIM's narrative response and supporting documentation. Based on the Department's review, and the Institute's admission of noncompliance, each of the violations identified in the initial finding is sustained. The review team's analysis also indicated that the identified violations were, for the most part, adequately addressed by the AIM's new and revised policies and procedures. As such, the Department has determined that the Institute's remedial action plan meets minimum requirements, and, for these reasons, has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of AIM are put on notice that the Institute must take any other action that may be necessary to address the deficiencies identified by the Department, as well as any additional deficiencies and weaknesses that were detected during the preparation of the response, and/or as may be needed to otherwise ensure that these violations do not recur.

Although the finding is now closed for program review purposes, AIM is reminded that the exceptions identified above constitute serious violations of the *DFSCA* that, by their nature, cannot be cured. There is no way to truly "correct" violations of this type once they occur. The Institute asserted that it has taken adequate remedial actions and is now in compliance with the

DFSCA as required by its PPA. Nevertheless, AIM officials must understand that the Department deems compliance with the *DFSCA* to be essential to maintaining a safe and healthy learning environment. This is true for all institutions, regardless of their size, location, or organizational structure. Data compiled by the Department show that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. Substance abuse is also a leading cause of poor academic performance and contributes to higher rates of absenteeism and a failure to graduate. Furthermore, *DFSCA* violations deprive students and employees of important information regarding the educational, financial, health, and legal consequences of illicit drug use and alcohol abuse and may also deprive institutions of important information about the effectiveness of any drug and alcohol programs that may have been in place during the program review period. For these reasons, AIM is advised that its remedial measures cannot and do not diminish the seriousness of these violations, nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Finally, in light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that AIM re-examine its *DAAPP* policies and procedures on at least an annual basis and revise them as needed to ensure that they continue to reflect current institutional policy and are in full compliance with *DAAPP* regulations. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the Institute's new policies and procedures.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Liabilities	Pell	FSEOG	DL / FFEL	
Finding 3	\$235.00	\$0.00	\$390.00	
Subtotal 1	\$235.00	\$0.00	\$390.00	
Interest/SA	\$41.30	\$0.19	\$56.00	
Excess Cash	\$0.00	\$0.00	\$0.00	
ACA				
Subtotal 2	\$41.30	\$0.19	\$56.00	
TOTAL	\$276.30	\$0.19	\$446.00	
Payable To:				Total
Department	\$276.30	\$0.19	\$446.00	\$722.49

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department Less Than \$1,000

Since the total liability amount owed to the Department is minimal (less than \$1,000), a receivable is not being established with the Department's Accounts Receivable & Bank Management Group. However, AIM remains responsible, in its role as a fiduciary for Title IV, HEA federal funds, for making restitution to the appropriate account(s) in the amount(s) indicated in the applicable finding(s) and must satisfy all program reporting requirements in making any required adjustments in COD. Upon making any necessary adjustments in COD, any funds owed must be returned to the Department via G5. In addition, AIM must ensure that it has corrected its procedures so that this type of finding does not recur or is not repeated. A copy of the adjustment to each student's COD record, as well as proof that the funds were returned through G5, if applicable, must be sent to Michael E. Powers **within 45 days of the date of this letter.**

2. Direct Loan Liabilities Owed to the Department

William D. Ford Federal Direct Loan (Direct Loan) Liabilities:

Direct Loan Closed Award Years (Request Extended Processing)

Finding(s): 3
 Appendices: D, E

AIM must repay the following Direct Loan liabilities:

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$0.00	\$11.00	2014-2015
\$390.00	\$45.00	2015-2016
Total Principal	Total Interest	
\$390.00	\$56.00	

The disbursement record for each student identified as requiring a disbursement adjustment in Appendix D must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix. A copy of the adjustment to each student's COD record must be sent to Michael E. Powers **within 45 days of the date of this letter.**

Request Extended Processing

COD adjustments are necessary for the closed award year(s) listed above. Before any student level adjustments can be processed, AIM must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.

- On the request screen, the institution should indicate in their explanation that the request is based on a program review and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award year(s).

3. Liabilities Owed to the Department in the case of Title IV Grants

Pell and FSEOG – Closed Award Year

Finding(s): 3
 Appendices: D, E

AIM must repay:

Pell Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$235.00	\$24.77	Pell	2014-2015
\$0.00	\$16.53	Pell	2015-2016
Total Principal	Total Interest		
\$235.00	\$41.30		

FSEOG Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$0.00	\$0.00	FSEOG	2014-2015
\$0.00	\$0.19	FSEOG	2015-2016
Total Principal	Total Interest		
\$0.00	\$0.19		

The disbursement record for each student identified as requiring a disbursement adjustment in Appendix D must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendix. A copy of the adjustment to each student's COD record must be sent to Michael E. Powers **within 45 days of the date of this letter.**

F. Appendices

Appendix A, Student Sample, contains personally identifiable information and will be emailed to AIM as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendices B-E are attached to this report.

Appendix A – PR Student Listing (sent via encrypted e-mail)

Appendix B – Program Review Report

Appendix C – Institution’s Response to the Program Review Report

Appendix D-1 – Finding 3 – All Students with R2T4 or ITR Errors

Appendix D-2 – Finding 3 – Students with R2T4 and ITR Errors Which Caused Monetary Liabilities Owed to the Department

Appendix E – Cost of Funds worksheets

Final Program Review Determination
PRCN #: 2015-4-11-29136

Appendix A

Program Review Student Listing
(sent via encrypted e-mail)

Final Program Review Determination
PRCN #: 2015-4-11-29136

Appendix B
Program Review Report

Prepared for
Aviation Institute of Maintenance

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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OPE ID 03883400
PRCN 2015-4-11-29136

Prepared by
U.S. Department of Education
Federal Student Aid
Multi-Region and Foreign Schools Participation Division

Program Review Report

January 26, 2018

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A. Institutional Information

Aviation Institute of Maintenance
10640 Davidson Place
Manassas, Virginia 20109

Type: Proprietary

Highest Level of Offering: Non-Degree, 2-year certificates

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: 151 (2015)

% of Students Receiving Title IV: 83% (2015)

Title IV Participation (PCNet):

	2015-2016
Pell Grant	\$ 560,695
Federal Stafford Direct Loan (Direct Loan)	\$1,438,271
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 19,348

Default Rate FFEL/DL:	2013	0.7%
	2012	5.3%
	2012	28.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Aviation Institute of Maintenance (AIM) from September 14, 2015 to September 17, 2015. The review was conducted by Michael Powers, Ron Bennett, Michelle Allred, and Alan Toms.

The focus of the review was to determine AIM's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of AIM's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2014-2015 and 2015-5016 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning AIM's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve AIM of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by AIM to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding #1: Crime Awareness Requirements Not Met - Annual Security Report (ASR) Crime Statistics and Disclosures Inadequate/Omitted from ASR/Failure to Report Accurate and Complete Data to the Department

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations require that all institutions that receive Title IV program funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security

Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in *34 C.F.R. §668.46(b)*. With the exception of certain drug and alcohol prevention program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements. *§485(f)* of the *HEA*; *34 C.F.R. §668.46(b)*.

The ASR must be prepared and actively distributed as a single document. Acceptable means of distribution include U.S. Mail, campus mail, hand delivery, or by posting the ASR on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees a statement of the report's availability and a link to its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. *34 C.F.R. §668.41(e)(1)*. These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also inform interested parties about how to obtain a paper copy of the ASR. *34 C.F.R. §668.41(e)(4)*.

An institution's ASR must include the statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson. Statistics for certain hates crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities (as a subset of category # 1); 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. *34 C.F.R. §668.46(c)(1)*.

A campus is defined as any building or property owned or controlled by an institution within the same reasonably contiguous geographic area and used by the institution in direct support of, or in a manner related to, the institution's educational purposes, including residence halls; and any building or property that is within or reasonably contiguous to this area that is owned by the institution but controlled by another person, is frequently used by students, and supports institutional purposes (such as a food or other retail vendor). Non-campus building(s) or property is defined as any building or property owned or controlled by a student organization that is officially recognized by the institution; or any building or property owned or controlled by an institution that is used in direct support of, or in relation to, the institution's educational purposes, is frequently used by students, and is not within the same reasonably contiguous geographic area of the institution. Public property is defined as all public property, including thoroughfares, streets, sidewalks, and parking facilities, that is within the campus, or immediately adjacent to and accessible from the campus. *34 C.F.R. §668.46(a)*.

An ASR must also include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol

and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Furthermore, institutions must provide detailed policies of the issuance of timely warnings and emergency notifications as well as its emergency response and evacuation procedures. All required information referenced in 34 C.F.R. §668.46(b) must be published in the ASR. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements of the *Clery Act*. §485(f) of the *HEA*; 34 C.F.R. §668.46(b).

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool (Cutting Tool)." 34 C.F.R. §668.41(e)(5).

Noncompliance: AIM violated multiple provisions of the *Clery Act*. Specifically, the Institute failed to prepare, publish and distribute an accurate and complete 2014 ASR to all current and prospective students, faculty, and staff, and the 2014 ASR was not actively distributed as a single document with a direct link to the report's exact electronic address. Additionally, the following inaccuracies and omissions were discovered: 1) the crime, arrest and disciplinary action statistics were not presented correctly in the 2014 ASR; 2) the crime, arrest and disciplinary action statistics in the 2014 ASR did not match the data presented in the Cutting Tool; 3) the Cutting Tool did not contain any statistical data related to offenses occurring on noncampus properties; and 4) the 2014 ASR omitted required information regarding a campus security policy, and referred readers to the Institute's catalog to obtain procedural and policy information that was required to be contained within the ASR.

The documentation that AIM provided to the Department regarding the distribution of the annual security report contained a generic link to the Institute's "Your Right to Know" page, which contained a list of many various state and federally required disclosure links. Upon clicking the link contained in AIM's distribution e-mail, two additional clicks were required to access the ASR for the Manassas campus.

Listed below are details of the specific content violations outlined above:

1. AIM failed to report any statistics in the category Negligent Manslaughter for the reporting years 2011 through 2013 in its 2014 ASR;
2. AIM failed to report any statistics in the Additional Hate Crime Information section of the report for the category Other Crimes Involving Bodily Injury for the reporting years 2011 through 2013 in its 2014 ASR;
3. AIM failed to include information about sanctions regarding sex crime in its 2014 ASR. Although Section 9 of the 2014 ASR states that "School disciplinary proceedings, as well as special guidelines for cases involving sexual misconduct, are detailed in the Catalog," this information must be fully specified in the ASR; and,

4. AIM failed to include in its 2014 ASR a policy to offer required options about the involvement of law enforcement and campus authorities, including notification of the victim's option to -
 - (1) Notify proper law enforcement authorities, including on-campus and local police;
 - (2) Be assisted by campus authorities in notifying law enforcement authorities if the victim so chooses; and
 - (3) Decline to notify such authorities.

Rather, AIM's policy states that the local Police Sex Crimes Unit will be notified, as well as a representative from student services. Although the policy offers that the victim of sexual assault may choose to have an investigation pursued through the criminal justice system and/or the school disciplinary council, the option to decline to notify any internal or external authority is not given.

Failure to produce an accurate and complete ASR, containing all required policy, procedural and statistical information, and to actively distribute that report as a comprehensive document to all current students and employees in accordance with Federal regulations deprives the campus community of important security information that can empower its members to make informed decisions and play an active role in their own safety and security.

Required Action: As a result of these violations, AIM must review and revise its existing internal policies and procedures that govern the preparation, publication, and distribution of its ASR, and develop and implement any new policies and procedures as needed to ensure that all subsequent ASRs are accurate and complete. As part of its examination, the Institute must review the crime, arrest and disciplinary action statistics that were included in the 2014 ASR for the Manassas campus and the data that was submitted to the Department's Cutting Tool.

AIM must then take immediate action to: 1) add the missing statistical data for the two crime, arrest and disciplinary action reporting categories (as described in the Noncompliance section of this finding) to its ASR; 2) remove the column reporting Noncampus crime statistics from its ASRs; and, 3) correct any errors presented in the Cutting Tool. Each error corrected by the Institute must be clearly identified in the response to the program review report.

A copy of the 2017 ASR must accompany AIM's response to this program review report. Once the new 2017 ASR is evaluated by the review team for accuracy and completeness, the review team will advise the Institute whether additional revisions are required.

The Department will evaluate the 2017 ASR and all crime, arrest and disciplinary action statistical data changes made to the Department's website for accuracy and completeness. If any

other changes are required, AIM will be required to actively distribute updated reports to all current and potential students, faculty and staff in accordance with *34 C.F.R. §668.41(e)*.

In addition, the Institute must provide a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. *34 C.F.R. §668.41(e)*. This certification must also affirm that AIM understands all of its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, 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” a violation of this type once it occurs. The Institute will be given an opportunity to address all weaknesses in its *Clery Act* compliance program and, in so doing, will begin to bring its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement. However, please be advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

Based on an evaluation of all available information, including AIM’s response, the Department will determine if additional actions will be required to address this finding. The Department will advise the Institute accordingly in its Final Program Review Determination (FPRD) letter.

AIM is also reminded that the *Violence Against Women Reauthorization Act of 2013* (VAWA) (Pub. Law 113-4), among other provisions, amended the *Clery Act* to require institutions to compile statistics for incidents of domestic violence, dating violence, sexual assault, and stalking, and to include certain policies, procedures, and programs pertaining to these incidents in the school’s ASR. On October 20, 2014, the Department’s final regulations were published in the *Federal Register* (Vol. 79, No. 202). The changes to the regulations at *34 C.F.R. §668.46*, which governs the *Clery Act* requirements, went into effect July 1, 2015. The Department amended *34 C.F.R. §668.46* to implement the VAWA statutory changes and updated this section by incorporating provisions added to the *Clery Act* by the *Higher Education Opportunity Act*. For information about the modifications to *34 C.F.R. §668.46*, please see the following electronic announcement:

<http://ifap.ed.gov/eannouncements/102014ViolenceAgainstWomenAct.html>. The announcement includes a link to the *Federal Register* (Vol. 79, No. 202). An institution’s ASR must incorporate the changes made to *34 C.F.R. §668.46*.

Finding #2: Drug and Alcohol Abuse Prevention Program (DAAPP) Requirements Not Met - Inadequate DAAPP Distribution Plan

Citation: The Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department’s General Administrative Regulations require each institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse prevention program (DAAPP). The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll after the initial distribution has been published, and for employees who are hired at different times throughout the year. The information must include:

1. A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
2. A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;
3. A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
4. A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and
5. A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The distribution plan must make provisions for providing the DAAPP disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year. *34 C.F.R. §§86.3 and 86.100.*

Noncompliance: AIM violated multiple provisions of the *DFSCA* and the Department's Part 86. Specifically, AIM's violated *DFSCA*'s annual DAAPP disclosure distribution requirement by failing to deliver program information to all employees. AIM also failed to provide a DAAPP disclosure to students who missed orientation, or to second-year students.

Additionally, the DAAPP was not prepared and actively distributed. AIM indicated that students received information relating to the DAAPP through orientation sessions, new student meetings, in the student handbook and code of conduct, via the web site, and by the same distribution e-mail used to notify students and staff of the availability of the ASR. However, the ASR distribution e-mail only mentioned that the Institute's Campus Security policy addresses drug and alcohol abuse. No provision was made for second-year students to receive information on the DAAPP beyond this brief mention in the ASR distribution e-mail. The biennial review report regarding AIM's review of the DAAPP contained excerpts from the code of conduct document, the catalog, and a document entitled, "AIM Guidelines for On-Campus Prevention of Students' Abuse of Alcohol and Other Drugs." However, there was no indication that this information had been prepared or distributed as a single document.

Failure to comply with the *DFSCA*'s DAAPP requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and/or alcohol abuse. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime.

Required Action: AIM is required to take all necessary corrective actions to resolve these violations. The Institute must develop procedures for ensuring that the DAAPP program materials are prepared as a single document and distributed annually to every student who is currently enrolled for academic credit and all employees. AIM must provide a draft copy of its DAAPP and new distribution policy with its response to this program review report. Once the materials are approved by the Department, the Institute must distribute them in accordance with the Part 86 regulations, and provide documentation evidencing the distribution, as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the *DFSCA*. This certification must also affirm that the institution understands all of its *DFSCA* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur. The distribution must include the DAAPP document or point directly to its electronic address on AIM's web site, and may not be a nonspecific e-mail that points only to the school's "Your Right to Know" page.

As noted above, the exceptions identified in this finding constitute serious violations of the *DFSCA* that, by their nature, cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. The Institute will be given an opportunity to develop a procedure for distributing an accurate and complete DAAPP disclosure to bring its drug and alcohol programs into compliance with the *DFSCA* as required by its PPA. However, AIM is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

Based on an evaluation of all available information, including AIM's response, the Department will determine if additional actions will be required and will advise AIM accordingly in its FPRD.

Finding #3: Return of Title IV Errors

Citation: A student in a nonterm or nonstandard-term program is considered to have withdrawn from a payment period or period of enrollment if the student is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on an approved leave of absence, as defined in 34 C.F.R. §668.22(d). 34 C.F.R. §668.22(a)(2)(i)(C)

When a recipient of Title IV Funding withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV funding that the student earned as of the withdrawal date in accordance with requirements for calculating the amount of Title IV as described in 34 C.F.R. § 668.22(e). 34 C.F.R. § 668.22(a)(1)

For institutions that are required to take attendance, a student's withdrawal date is the last date of academic attendance as determined by the institution's attendance records. An institution is required to take attendance if the institution itself has a requirement that its instructors take attendance, or the institution has a requirement that can only be met by taking attendance or a

comparable process, including, but not limited to, a requirement that students in a program demonstrate attendance in the classes of the program, or a portion of that program. 34 § C.F.R. 668.22(b)(1) and (3)

Except in unusual instances, at an institution that is required to take attendance, the Department would expect that the date of the institution's determination that the student withdrew would be no later than 14 days after the student's withdrawal date--the last date of academic attendance as determined by the institution from its attendance records. See Dear Colleague Letter 04-03 (Revised November 2004)

An institution must return the amount of Title IV funds not earned as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j)(1)

Noncompliance: AIM failed to timely determine whether students had withdrawn from school after 14 days of non-attendance. AIM's catalog states, in the Return to Title IV section, "Any student who ceases attending without notifying the institution is considered an unofficial withdrawal...If the school is required to take attendance, the school will make this determination no later than 14 days after the last recorded date of attendance or presence at an academically related event."

Student 8: Student 8 last attended on 8/6/2015. After 14 days of nonattendance, by 8/20/2015, AIM should have determined whether or not the student intended to return to school, and if not, performed an R2T4 calculation at that time. However, AIM did not make this determination in a timely manner, and did not secure the student's written intent to return to a future module until 8/26/2015, or 20 days after the student's last recorded date of attendance. At the time of the program review, the student was not yet scheduled to return to the next module in their program.

Student 12: During payment period 1, Student 12 last attended on 1/15/15. The student did not attend again until 2/23/15. There was no indication in the student's file that AIM had made a determination within 14 days of nonattendance whether the student had withdrawn from school. The student's enrollment was maintained at AIM during this period of nonattendance. The student resumed attendance on 2/23/15 and continued attendance through 7/16/15. Again the student ceased attendance, and there was no indication in the student's file that AIM had made a determination within 14 days as to whether the student had withdrawn from school. There was no indication in the student's file that the student requested a leave of absence. AIM could not use the provision that allows the written intent to return to a future module within 45 days, because that provision is only used for future attendance at a module within the same payment period, and in each of these cases, the student's break in attendance came at the end of a payment period. At the second break in attendance, AIM reported the student with a status of "Leave of Absence" to NSLDS on 8/15/15 (effective 7/20/15). At the time of the review, the student's status had not been corrected to "Withdrawn." On 9/2/15, AIM finally

completed an R2T4 calculation for the student. No return was due for the student since he had completed the payment period.

Student 13: During payment period 1, Student 13 last attended on 6/11/15. There was no indication in the student's file that AIM had made a determination within 14 days as to whether the student had withdrawn from school. There was no indication in the student's file that the student requested a leave of absence. AIM could not use the provision that allows the written intent to return to a future module within 45 days, because that provision is only used for future attendance at a module within the same payment period, and in this case, the student's break in attendance came at the end of a payment period. AIM reported the student with a status of "Leave of Absence" to NSLDS on 7/15/15 (effective 6/15/15). At the time of the review, the student's status had not been corrected to "Withdrawn." On 9/2/15, AIM finally completed an R2T4 calculation for the student. No return was due for the student since he had completed the payment period.

In the case of Student 8 above, AIM improperly allowed the student to maintain enrollment by collecting the student's written intent to return, not at the time of temporary separation from school, but after 20 days of nonattendance. AIM's catalog does not describe a policy or procedure for the student to provide their written intent to return to a future module in the same payment period. AIM should have followed its procedures for withdrawing the student after 14 days of nonattendance, unless the student had been granted a leave of absence in accordance with its policies.

AIM also failed to perform the R2T4 calculation correctly for 1 student in the program review sample.

Student 28: Student 28 last attended on 4/14/2015. After 14 days of nonattendance, by 4/28/2015, AIM should have determined whether or not the student intended to return to school, and if not, performed an R2T4 calculation at that time. However, AIM did not make this determination in a timely manner. \$2,968.00 in Direct Unsubsidized loans and \$1,732.00 in Direct Unsubsidized loans were disbursed to the student's account on 4/30/2015. AIM did not determine that the student had withdrawn until 5/11/2015, or 27 days after the student's last recorded date of attendance. During the review, AIM provided the Department with an R2T4 worksheet which correctly included 36 scheduled hours in a 480 hour payment period. At the time the student withdrew, the payment period was 7.5% complete. In the R2T4 calculation, AIM included the \$2,968.00 in Direct Unsubsidized loans and \$1,732.00 in Direct Unsubsidized loans as aid that could have been disbursed, resulting in a post-withdrawal disbursement eligibility of \$352.50 in Direct Subsidized loan funds for the student. However, because AIM had not secured the student's authorization to disburse the loan funds after withdrawing, 100% of the loan funds were returned to the Department on 5/19/15. AIM later improperly made previously-scheduled disbursements of 2015-2016 Federal Pell Grant funds to the student on 7/1/15 and 9/1/15. During the program review, the improper disbursements were identified by the review team. See Finding 4 for further discussion of this issue. AIM

returned the majority of the improperly disbursed Federal Pell Grant funds on 9/16/15, when the review team informed the staff of this issue. Although no revised calculation was provided, it appears that AIM recalculated the students R2T4, using the 2015-2016 award year Federal Pell Grant payment schedule to include \$2,888.00 of 2015-2016 Federal Pell Grant funds in the amount of aid that could have been disbursed. This revised calculation results in a post-withdrawal disbursement eligibility of \$569.10 in Federal Pell Grant funds. Although this revised R2T4 calculation appears to be correct, and the 2015-2016 Federal Pell Grant funds could have been included in aid to be disbursed for this payment period, which crossed-over two award years, the original R2T4 calculation was incorrect, because no Pell was included, and completed late, as described above. The subsequent R2T4 revision was also late.

An institution's failure to accurately determine the amount of Title IV funds earned by a student who withdraws may result in the institution retaining funds to which it not otherwise entitled or it may deprive a student of funds which may have been used to reduce an institutional balance or pay for living expenses. This may cause increased expense for both the student and the Department.

Required Action: Due to the systemic nature of this finding it is necessary to determine the extent of noncompliance. AIM must perform a file review of all students who ceased attendance without completing a payment period in which they received a disbursement of Title IV funds. This file review must include all Title IV recipients in the 2014-2015 and 2015-16 award years that failed to complete the payment period for which they received Title IV funds.

Results of this review are required to be submitted in an Excel spreadsheet or similar format. Students who commenced attendance but did not complete a payment period in which he or she received Title IV funds, the student should be listed in the spreadsheet required in response to this finding. A separate spreadsheet should be provided for each award year. Each spreadsheet should contain the following data:

Student ID: Each student should be assigned a unique identifying number. For students from the program review sample, use the students' numbers from Appendix A. For the remaining students, please begin the numbering at #100. The unique identifier should follow with one student throughout any required file reviews, should not be duplicated with any other student, nor should any student receive 2 identifiers if they appear in separate file reviews.

Student Identifying Information: last name, first name, full Social Security Number (SSN)

Last Date of Attendance: Date the student last recorded attendance before withdrawing from AIM.

Date of Determination of Withdrawal: Date AIM determined the student withdrew.

Scheduled Hours at Withdrawal: Report the total scheduled hours accrued by the student at the point of withdrawal.

Amounts Refunded: Report the amount(s) and date(s) of any previous Title IV refunds, by program.

Supporting Documentation: Please submit the following additional information for each student:

- Detailed attendance records for each class
- Documentation of any make-up work
- Documentation of any approved Leave of Absence
- Original R2T4 calculation – worksheet and any additional information sources used
- Proof of return of funds
- Student account ledgers showing charges, payments, and refunds with dates
- For any student who graduated from AIM, include a copy of the diploma/certificate

If a student withdrew and returned multiple times, include one line of the spreadsheet, using the same unique identifier, for each withdrawal instance. If a student withdrew in both award years, they should appear on each sheet with the same unique identifier.

AIM must also complete a file review of all Title IV recipients whose enrollment at AIM was continued by the student's written intent to return to a future module, whether that student ultimately withdrew or not. Results of this review are required to be submitted in an Excel spreadsheet or similar format. Students whose enrollment at AIM was continued using the student written intent to return should be listed in the spreadsheet required in response to this finding. A separate spreadsheet should be provided for each award year. Each spreadsheet should contain the following data:

Student ID: As described in the file review requirements above, each student should be assigned a unique identifying number. If the student appeared in the file review above, the same unique identifier should be used

Student Identifying Information: last name, first name, full Social Security Number (SSN)

Date the Student's Intent to Return was signed/acknowledged by the Registrar /school official

Last date of attendance indicated in the Intent to Return documentation

Last date of the module during which the student ceased attendance

The anticipated return date indicated in the Intent to Return documentation

Date the student returned to AIM or N/A if the student did not return

Any financial aid disbursed between last day of attendance and anticipated return date

In addition, for each student identified on the spreadsheet the following supporting documentation must be included with the institution's response:

- Copy of the Intent to Return Form
- Copy of the original or any new R2T4 funds worksheet for any students who used the Intent to Return form and failed to return to school
- Copy of the student's account ledger
- Copy of the student's attendance records

AIM will be liable for any Title IV, HEA funds owed as a result of incorrect Return of Title IV funds calculations, and for the cost of funds related to late Return of Title IV funds caused by the improper use of the written intent to return provision. Instructions for repayment of any liabilities will be provided in the FPRD letter.

If AIM intends to continue to use the Intent to Return provision as a mechanism for students taking classes in modules to temporarily stop out, AIM will be required to develop an Intent to Return Policy that is in accordance with the provisions of 34 CFR §668.22 (a)(2)(i)(C). A copy of this policy must be submitted with the institution's response to this report.

Finding #4: Ineligible Pell Grant Disbursements

Citation: A student is eligible to receive Title IV, HEA program assistance if the student meets all of the requirements in paragraphs (a) through (m) of 34 C.F.R. § 668.32, including specifically, that for purposes of the Federal Pell Grant Program, the student does not have a baccalaureate or first professional degree. 34 C.F.R. § 668.32 (c)(2)(i)(A)

If a student does not begin attendance in a payment period or period of enrollment, an institution must return all Title IV, HEA program funds that were credited to the student's account at the institution or disbursed directly to the student for that payment period or period of enrollment for the Federal Perkins Loan, FSEOG, TEACH Grant, and Federal Pell Grant Programs. Such funds must be returned as soon as possible but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance. 34 C.F.R. § 668.21 (a)(1) and (b)

Noncompliance: The following student received Federal Pell Grant disbursements before AIM resolved conflicting information regarding whether or not the student had already earned a bachelor's degree or the equivalent.

Student 2 enrolled at AIM on 12/3/12 in the Aviation Maintenance Technician Engineer program. The student submitted his FAFSA which resulted in the generation of a single ISIR for the 2012-2013 award year on 10/11/12. On the FAFSA, the student answered "yes" to the question regarding whether he would have a first bachelor's degree by

7/1/2012. The student was not selected for verification in the 2012-2013 award year. However, AIM had collected, as part of the admissions process, an evaluation by a third-party vendor of the student’s educational credentials from his home country. The evaluation was included in the documentation in the student’s file, and the determination made by the vendor was that the student’s education in his home country was equivalent to a “bachelor’s degree from a regionally-accredited university.” The student received no Federal Pell Grant funds, only Federal Direct Loan Funds, in the 2012-2013 award year.

For the 2013-2014 award year, the student was selected for verification. In this award year, the student also changed his answer from “yes” to “no” for the question regarding whether or not he would have completed a first bachelor’s degree by 7/1/2013.

For the 2013-2014 award year, the student had the following ISIR transactions, and the answer to the first bachelor’s degree question changed in the following ways:

Transaction Date	Transaction Number	1 st Bachelor’s Degree Question
4/22/2013	1	No
4/25/2013	2	No
9/22/2014	3	Yes

For the 2013-2014 award year, the student received the following disbursements of Federal Pell Grant funds:

Disbursement Date	Amount
10/8/2013	\$2,823.00
3/4/2014	\$2,822.00

For the 2014-2015 award year, the student was selected for verification. The student had the following ISIR transactions, and the answer to the first bachelor’s degree question changed in the following ways:

Transaction Date	Transaction Number	1 st Bachelor’s Degree Question
7/29/2014	1	No
9/22/2014	2	Yes
9/24/2014	3	No
9/29/2014	4	Yes
10/2/2014	5	No
10/7/2014	6	Yes
10/9/2014	7	No
10/14/2014	8	Yes
11/6/2014	9	Yes
11/24/2014	10	Yes
12/1/2014	11	No

12/4/14	12	Yes
12/8/2014	13	Yes

For the 2014-2015 award year, the student received the following disbursements of Federal Pell Grant funds:

Disbursement Date	Amount
9/2/2014	\$2,865.00

AIM failed to identify the conflicting information caused by the change in answer regarding whether the student had completed a bachelor’s degree during the 2013-2014 award year. AIM appears to have discovered the conflicting information during the verification process in the 2014-2015 award year. The 2013-2014 Federal Pell Grant disbursements for this student were returned by AIM on 9/23/2014. The 2014-2015 Federal Pell Grant disbursement for this student was returned by AIM on 9/30/2014.

Student 8 received a disbursement of Federal Pell Grant in the amount of \$990.00 on 1/27/2015. However, the student was not eligible to receive a Federal Pell Grant, because his EFC was 13,159 for the 2014-2015 award year, which is above the maximum EFC threshold for Federal Pell Grant eligibility. The ineligible disbursement was cancelled on 1/30/2014.

The following students received Federal Pell Grant disbursements for scheduled payment periods that would have commenced after the student ceased to be enrolled:

Student 28 last attended AIM on 4/14/2015. The student was dropped from AIM on 5/11/2015. However, AIM reported disbursements to COD in the following dates and amounts:

Disb. Date	Program	Amount	Return Amount	Return Date
7/1/2015	2015-2016 Pell	\$2,888.00	\$2,319.00*	9/16/2015
9/1/2015	2015-2016 Pell	\$2,887.00	\$2,887.00	9/16/2015

*see Finding 3 for further discussion of this issue

Student 29 last attended AIM on 6/11/2015. The student was dropped from AIM on 6/30/2015. However, AIM reported disbursements to COD in the following dates and amounts:

Disb. Date	Program	Amount	Return Amount	Return Date
7/1/2015	2015-2016 Pell	\$2,263.00	\$2,263.00	9/16/2015

In both of the above cases, the Department’s onsite review team alerted AIM of the disbursements reported in COD for the withdrawn students, and AIM updated the records in COD while the Department was on site.

Required Action: AIM must immediately develop and implement written internal procedures to ensure that Title IV HEA funds are only disbursed to actively enrolled students who meet the elements required for eligibility per the specific programs. The procedures must describe how AIM will identify potential conflicting information based on changes in answers to key questions between award years and in different transactions within the same award year. The procedures must also describe a method for matching disbursement lists to lists of enrolled, eligible students, who meet EFC threshold requirements, and how disbursements will be prevented when there is a mismatch between the two lists. A copy of these procedures must be submitted in response to this report. Instructions for repayment of any liabilities will be provided in the FPRD letter.

Finding #5: Attendance Records Missing/Policy Inadequate

Citation: Participating institutions are required to retain documentation of each student's eligibility for Title IV program funds. Institutions must also retain reports and forms used in its participation in any Title IV programs, including any records needed to verify data that appear in those reports and forms. 34 C.F.R. § 668.24(c)(1)(iii) and (vi)

Participating institutions must establish and maintain 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 programs. 34 C.F.R. § 668.14(b)(4)

Records must generally be maintained for three years from the end of the award year in which they were created. 34 C.F.R. § 668.24(e)(1) and (2)

Participating institutions must administer the Title IV programs with adequate checks and balances in its system of internal controls. 34 C.F.R. § 668.16(c)(1)

A participating institution and its third-party servicer must at all times act with the competency and integrity necessary to qualify as a fiduciary of federal funds. 34 C.F.R. § 668.82(a)

Noncompliance: AIM failed to document the completion of missing attendance and assignments as required by its attendance policy. AIM assigned passing grades for students who had missing hours in violation of its grading policy.

AIM's attendance policy per the catalog states:

“Students are required to attend all of their Part 147 classes. Any class not attended detracts from the overall instruction being offered. Normally, instructors will make arrangements on the student's time, outside of class, to make up tests or other missed work. It is the responsibility of the student to contact each instructor and make appropriate arrangements before the next class meeting to complete any missed work. If an exam is not taken on the day scheduled, or if the exam was failed on the first attempt, a makeup test may be taken, prior to the end of the module. A makeup test is an examination of equal or greater difficulty given in that subject area in lieu of an original exam. In accordance with the regulations of the Federal Aviation Administration, all

missed work in a subject must be made-up in order for the student to receive credit for that subject. All the classroom material missed during the absence shall be made-up in the specific area that was missed. Make-up work can be scheduled before class, after class, or on Fridays or Saturdays, with prior notice to the Campus Executive Director. Only the instructor who assigned the make-up work will be able to give the students a satisfactory grade upon the completion of the make-up work. The Campus Executive Director may sign the completion of the makeup work in the event the instructor is unavailable. The instructor issuing the make-up work assignment will determine whether the assignment will be projects, questions, or essays, depending on the subject and the amount of time that was missed. All make-up work assigned must be completed by the Friday immediately following the last day of the module where the class was scheduled. This includes all tests, and practical projects which were not completed by the student before the end of the subject. Failure to complete all makeup assignments the Friday after the end of the module will result in a failing grade and the student being required to retake the subject again. Any exceptions will be at the discretion of the Campus Executive Director.”

AIM’s grading system, per the catalog, states:

“Students are graded based upon classroom participation, laboratory and project assignments, and written and/or skills examinations. The final grade for a course reflects a measurement of performance in achieving the necessary objectives of that course. Students are expected to complete all assignments and take each of the examinations. All class work, required projects and Final Exams must be completed by the last day of the module to obtain a passing grade. Documentation of a student’s completion of a course is accomplished by the posting of an earned grade (A, B, C, D, F, or P). Grades of U, W, T and AU are not considered earned grades. Final grades are issued based upon the following system. See chart on pg. 27: The grade of “I” (Incomplete) will be assigned to any course, assignment, project, or test needing to be made up within a given module. All make-up assignments, class assignments and examinations must be completed by the Friday immediately following the last day of the module where the class was scheduled. Failure to complete all make-up assignments within that time period will result in the “I” grade being changed to a Failure “F” and the student will be required to retake the course.”

During the period under review, there were a number of students for who detail and summary attendance records showed missing hours with no documentation provided to indicate that the student had completed make-up work for the hours missed. According to AIM’s attendance and grading policies, these students should have received an “I” grade at the end of the module, which would then have been changed to a letter grade or an “F” grade depending on whether make-up work was completed and documented. For the following students, it appears that AIM did not follow its policies. There was no documentation of make-up work being completed, no indication than an “I” grade was ever used, and in each case, a passing grade was awarded:

Student #	Course #	Scheduled Hours	Attended Hours	Grade
3	AMTBLK02 05N	120	119:45	A
4	AMTBLK04 12N	120	119:15	A
4	AMTBLK05 07N	120	114:00	A
7	AMTBLK04 12N	120	119:30	A
10	AMTBLK03 03N	120	117:15	A
10	AMTBLK05 07N	120	114:00	B
12	AMTBLK11 05N	120	103:00	B
12	AMTBLK16 06N	120	113:00	A
16	AMTBLK09 07D	120	103:45	C
17	AMTBLK10 06N	120	118:15	B
18	AMTBLK04 07N	120	114:00	A
19	AMTBLK10 06N	120	112:30	A
19	AMTBLK05 07N	120	116:00	B
21	AMTBLK14 06D	120	96:30	B
21	AMTBLK09 07D	120	96:15	B
22	AMTBLK05 07N	120	119:00	A
23	AMTBLK13 07D	120	112:45	A
29	AMTBLK01 08D	120	119:45	A

AIM’s failure to maintain complete and reliable academic and attendance records shows the institution’s system of internal controls was absent or at best seriously flawed. AIM’s inadequate records resulted in the institution’s inability to document student engagement in academic work and academic progress, which are requirements for compliant administration of the Title IV programs. An adequate system of checks and balances enables an institution to verify that students are eligible for the Title IV funds it disburses to students.

As a fiduciary of federal funds, a participating institution is subject to the highest standard of care and diligence in administering the Title IV programs and in accounting to the Secretary for the funds received under those programs. AIM’s failure to maintain complete and reliable academic and attendance records represents a failure of its duty as fiduciary of federal funds.

Students 3, 4, 7, 10, 16, 17, 18, 19, 21, 22, and 23 were still enrolled at the time of the review. Students 3, 4, 7, 10, 17, 19, 22, and 23 went on to graduate from AIM.

Student 16 withdrew and later returned and is still enrolled at AIM at the time of this report. Student 18 is still enrolled with a status of Leave of Absence at the time of this report.

Student 12 withdrew on 7/16/2015. Student 29 withdrew on 6/11/2015. Without documentation of make-up work for the missed time in these specific courses, according to AIM’s policies, grades of “I” and eventually “F” should have been awarded for these courses. An “F” grade in those courses, projected forward through the remainder of these students’ enrollment at AIM had the potential to result in the early disbursement or ineligible disbursement of Title IV funds, or

errors in calculating R2T4 in the case of withdrawal during a subsequent payment period. However, these specific students withdrew at the end of a payment period, meaning no R2T4 was required, and 100% of the disbursed Title IV funds were earned. No additional disbursements of Title IV funds were made for these students, which may have been early or ineligible, based on the failure to follow the grading policy.

Student 21 withdrew from AIM on 3/3/2016, which is after the Department's review team was on site. According to records in the Department's Common Origination and Disbursement system (COD) and National Student Loan Data System (NSLDS), Student 21 did not receive any additional disbursements of Title IV funds beyond payments received for the payment period reviewed by the Department's team during the on-site visit, which covered 6/15/2015 through 11/1/2015.

Required Action: AIM must immediately develop and implement written internal procedures to ensure that its records regarding student attendance, enrollment, and grading are complete, accurate and verifiable, and that all make-up work is properly documented. The procedure must describe how AIM will identify students with less than 100% attendance where make-up work is required, and how the grading system using "I" grades and "F" grades will be monitored using sufficient checks and balances. The procedure must detail what documentation will be required for make-up work, and how those documents will move between the student, instructor, Education Director, Executive Director, and Registrar, as necessary, and how that movement will be tracked. Record retention policies, including the physical or electronic location of make-up work documentation storage, and the period of retention for all of these records must also be included. A copy of these procedures must be submitted in response to this report.

Finding #6: Inaccurate Record Keeping

Citation: A disbursement is defined as the date that the institution credits a student's account at the institution or pays a student or parent directly with funds received from the Secretary or the institutional funds used in advance of receiving title IV, HEA program funds. See 34 CFR § 668.164.

For the 2014–2015 Award Year or Processing Year, “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.” For the 2015–2016 Award Year or Processing Year, “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.” See Federal Register/Volume 79: No. 133 page 40085 and Federal Register/Volume 80: No. 47 page 12809

Noncompliance: AIM failed to correct Title IV disbursement information in the Common Origination and Disbursement (COD) System within the timeframe described in the Federal

Register for each award year. AIM is required to report changes to Title IV disbursements within 15 days of becoming aware that the original information was in error.

Student 2

- AIM originated a Subsidized Direct Loan in the amount of \$2,750.00 with a loan period from 8/25/2014 through 1/18/2015. On 10/2/2014 AIM, notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the second disbursement of \$1,361.00 was to be disbursed on 10/9/2014. However, at least 35 days later AIM corrected the disbursement date for the second disbursement to 11/13/2014.
- AIM originated an Unsubsidized Direct Loan in the amount of \$3,500.00 with a loan period from 8/25/2014 through 1/18/2015. On 10/2/2014, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the second disbursement of \$1,361.00 was to be disbursed on 10/9/2014. However, at least 35 days later AIM corrected the disbursement date for the second disbursement to 11/13/2014.
- AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the student would receive a disbursement of Federal Pell Grant in the amount of \$2,865.00 on 9/2/2014. However, the student was not eligible to receive a Federal Pell Grant, because he indicated on his ISIR that he had already received his first bachelor's degree prior to beginning studies at AIM. The ineligible disbursement was not cancelled until 28 days later on 9/30/2014. Additionally, looking back through the student's financial aid history with AIM, the student received Federal Pell Grant disbursements in October 2013 and March 2014 which were also not refunded until September 2014. See Finding 4 for further discussion of this issue.

Student 8

- AIM originated a Subsidized Direct Loan in the amount of \$3,500.00 with a loan period from 1/20/2015 through 11/1/2015. On 2/23/2015, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the first disbursement of \$1,732.00 was disbursed on 2/19/15. The student's account ledger wasn't credited with the Federal Direct Loan Funds until 3/12/2015. 21 days later, AIM corrected the disbursement date in COD on 3/12/2015.
- AIM originated an Unsubsidized Direct Loan in the amount of \$6,000.00 with a loan period from 1/20/2015 through 11/1/2015. On 2/23/2015, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the first disbursement of \$2,968.00 was disbursed on 2/19/15. The student's account ledger wasn't credited with the Federal Direct Loan Funds until 3/12/2015. 21 days later, AIM corrected the disbursement date in COD on 3/12/2015.
- AIM notified the Department on 1/20/2015, by marking the Disbursement Indicator in COD as *'True'*, that the student would receive a disbursement of Federal Pell Grant in the amount of \$990.00 on 1/27/2015. However, the student was not eligible to receive a

Federal Pell Grant, because his EFC was 13,159 for the 2014-2015 award year, which is above the maximum EFC threshold for Federal Pell Grant eligibility. The ineligible disbursement was not cancelled until 10 days later on 1/30/2014.

Student 12

- AIM originated a Subsidized Direct Loan in the amount of \$3,500.00 with a loan period from 8/25/14 through 7/19/2015. On 1/22/15, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the second disbursement of \$1,732.00 would be disbursed on 1/29/15. However, the student's account was not credited with the Subsidized Direct Loan funds until 2/27/2015. The disbursement date was never corrected by AIM.
- AIM originated an Unsubsidized Direct Loan in the amount of \$6,000.00 with a loan period from 8/25/2014 through 7/19/2015. On 1/22/2015, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the second disbursement of \$2,968.00 would be disbursed on 1/29/15. However, the student's account was not credited with the Unsubsidized Direct Loan funds until 2/27/2015. The disbursement date was never corrected by AIM.
- AIM notified the Department on 1/20/2015, by marking the Disbursement Indicator in COD as *'True'*, that the student would receive a disbursement of Federal Pell Grant in the amount of \$2,865.00 on 1/27/2015. The student's account ledger wasn't credited with the Federal Pell Grant Funds until 3/3/2015. 38 days later, AIM corrected the disbursement date in COD to 3/3/2015 on 3/6/15.

Student 13

- AIM notified the Department on 2/11/2015, by marking the Disbursement Indicator in COD as *'True'*, that the student would receive a disbursement of Federal Pell Grant in the amount of \$2,865.00 on 2/17/2015. The student's account ledger wasn't credited with the Federal Pell Grant Funds until 2/24/2015. The disbursement date was never corrected by AIM.

Student 14

- AIM originated a Subsidized Direct Loan in the amount of \$4,500.00 with a loan period from 11/3/2014 through 8/23/2015. On 11/7/2014, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the first disbursement of \$2,226.00 would be disbursed on 11/13/2014. However, the student's account was not credited with the Subsidized Direct Loan funds until 11/18/2014. The disbursement date was never corrected by AIM.
- AIM originated an Unsubsidized Direct Loan in the amount of \$6,000.00 with a loan period from 11/3/2014 through 8/23/2015. On 11/7/2014, AIM notified the Department, by marking the Disbursement Indicator in COD as *'True'*, that the first disbursement of \$2,968.00 would be disbursed on 11/13/2014. However, the student's account was not

credited with the Unsubsidized Direct Loan funds until 11/18/2014. The disbursement date was never corrected by AIM.

Student 17

- AIM originated an Unsubsidized Direct Loan in the amount of \$6,000.00 with a loan period from 7/20/2015 through 5/8/2016. On 7/23/2015, AIM notified the Department, by marking the Disbursement Indicator in COD as 'True', that the first disbursement of \$2,968.00 would be disbursed on 7/30/2015. However, the student's account was not credited with the Unsubsidized Direct Loan funds until 8/6/15. The disbursement date was never corrected by AIM.

Student 18

- AIM notified the Department on 8/17/2015, by marking the Disbursement Indicator in COD as 'True', that the student would receive a disbursement of Federal Pell Grant in the amount of \$2,863.00 on 8/24/2015. However, the student's account was not credited with the Federal Pell Grant funds until 9/1/15. The disbursement date was never corrected by AIM.

Student 23

- AIM originated an Unsubsidized Direct Loan in the amount of \$3,500.00 with a loan period from 7/20/2015 through 12/6/2015. This loan period was the student's final period of study, which was equal to half an academic year. On 7/30/2015, AIM notified the Department, by marking the Disbursement Indicator in COD as 'True', that the first disbursement of \$495.00 would be disbursed on 8/6/2015. The disbursement date was later correctly updated to 8/13/2015. The amount of \$495.00 was incorrect, as the student was eligible for \$3,500.00 in his final period of study, and the net disbursement amount for half of this amount is \$1,731.00. AIM increased the disbursement to this amount and corrected the information in COD on 9/22/15.

Student 24

- AIM notified the Department on 7/21/2015, by marking the Disbursement Indicator in COD as 'True', that the student would receive a disbursement of Federal Pell Grant in the amount of \$2,888.00 on 7/28/2015. However, the student's account was not credited with the Federal Pell Grant funds until 8/3/2015. The disbursement date was never corrected by AIM.

Student 26

- AIM notified the Department on 7/21/2015, by marking the Disbursement Indicator in COD as 'True', that the student would receive a disbursement of Federal Pell Grant in the amount of \$2,888.00 on 7/28/2015. However, the student's account was not credited with the Federal Pell Grant funds until 8/3/2015. The disbursement date was never corrected by AIM.

AIM indicated that the Title IV funds were ready to be disbursed in COD by marking the Disbursement Indicator in COD as *‘True’*, which moves the disbursement from an ‘anticipated to be disbursed status’ to an ‘actual disbursement status’. At the time the indicator becomes *‘True’* the Department borrows the money to fund the actual disbursement. Although AIM never drew the funds for these students at the time the loan disbursement information was incorrect, the Department borrowed and held the money at that time, in anticipation of it being needed. Therefore, the Department incurred interest expenses on the money borrowed to pay these disbursements. If AIM had corrected the disbursement date within the timeframes indicated in the Federal Register, the Department could have used the borrowed funds to cover other disbursements. The Department also incurred unneeded interest expense to cover ineligible Pell grant disbursements that were later reversed.

Required Action: For students 12, 14, and 17 above, AIM must correct the Direct Loan disbursement information in COD, as the Direct Loan disbursement date has an impact on the accrual of loan interest owed by the student. AIM must also immediately develop and implement written internal procedures to ensure that all records of Title IV funds disbursed are accurate and updated in COD within 15 calendar days of the school making the Title IV funds disbursement or becoming aware of the need to adjust a student's previously reported Title IV funds disbursement. The procedures must specifically address how AIM will identify and correct changes to Title IV funds disbursements that have been marked as ‘actual disbursements’ in COD that will not be disbursed until a later date. A copy of these procedures must be submitted in response to this report. Instructions for repayment of any liabilities will be provided in the FPRD letter.

Finding #7: Student Status - Inaccurate/Untimely Reporting

Citation: An institution shall, upon receipt of an enrollment report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who enrolled at that school but has ceased to be enrolled on at least a half-time basis; has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or has changed his or her permanent address. 34 C.F.R. § 685.309(b)(2)

Noncompliance: AIM failed to report status changes such as enrollment, withdrawals, and graduation to The Secretary in a timely manner. Failure to report status changes on a timely basis constitutes an inability by AIM to properly administer the Title IV Programs. Failure to report status changes within the required time period, as specified by regulation, may cause a loss to the Department or the student in interest or other expenses. Below is a summary of status changes which were not reported timely:

Student #	Status	Effective Date	Certified	Days
4	Full Time	8/25/2014	11/07/2014	74

7	Full Time	8/25/2014	11/07/2014	74
8	Full Time	8/25/2014	11/07/2014	74
16	Full Time	8/25/2014	11/07/2014	74
19	Full Time	9/29/2014	2/12/2015	146
21*	Withdrawn	3/30/2015	-	107
27	Full Time	1/21/14	12/17/14	330

*student dropped 3/30/15; never reported as withdrawn to NSLDS; re-enrolled 6/15/15; reported full-time on 7/15/15

In addition to the untimely reporting of student status indicated in the table above, for Student 12, AIM incorrectly reported the student in a status of Leave of Absence (LOA) twice. AIM reported the first LOA during a period of nonattendance between 1/16/15 and 2/23/15. The LOA was certified on 2/12/15 with an effective date of 1/20/15. There was no documentation related to an approved LOA request in the student’s file. The student ceased attendance at AIM on 7/16/15. AIM reported the second LOA status on 8/14/15 with an effective date of 7/20/15. Again, there was no indication in the student’s file that the student had requested a leave of absence or intended to return to school after ceasing attendance on 7/16/15. See Finding 3 for further discussion of this issue related to this student’s withdrawal and R2T4.

Required Action: AIM must immediately establish written policies and procedures to ensure that it provides student status updates to The Secretary in compliance with federal regulations. The procedures must describe how AIM will work with its third-party servicer to make sure that student status reporting is timely and accurate. AIM must provide a copy of these procedures in response to this report.

Finding #8: Student Credit Balance Deficiencies

Citation: Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but 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 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. 34 C.F.R. § 668.164(h)

If an institution obtains written authorization from a student or parent, as applicable, the institution may use the student's or parent's Title IV, HEA program funds to pay for charges that are included in that authorization; and except if prohibited by the Secretary under the reimbursement or cash monitoring payment method, hold on behalf of the student or parent any Title IV, HEA program, funds that would otherwise be paid directly to the student or parent. In obtaining the student's or parent's authorization to perform an activity described in this section, an institution may not require or coerce the student or parent to provide that authorization; must

allow the student or parent to cancel or modify that authorization at any time; and must clearly explain how it will carry out that activity. 34 C.F.R. § 668.165(b)(1) and (2)

An institution may use Title IV, HEA program funds to credit a student's account at the institution to satisfy current year charges for tuition and fees; board, if the student contracts with the institution for board; room, if the student contracts with the institution for room; and if the institution obtains the student's or parent's authorization under §668.165(b), other educationally related charges incurred by the student at the institution; and prior award year charges for a total of not more than \$200 for tuition and fees, room, or board; and if the institution obtains the student's or parent's authorization under §668.165(b), other educationally related charges incurred by the student at the institution. 34 C.F.R. § 668.164(c)(1)

For a program without substantially equal payment periods, an institution determines the prorated amount of charges associated with a payment period by dividing the number of credit or clock hours in the current payment period by the total number of credit or clock hours in the program, and multiplying that result by the total institutional charges for the program. 34 C.F.R. § 668.164(c)(5)

Noncompliance: AIM failed to compare the charges for each payment period in the program to the Title IV funds received in each payment period in the program. AIM failed to monitor whether the Title IV funds received in a payment period exceed the charges in the period and created a Title IV credit balance in the period. Unless the student provides authorization to AIM to hold a credit balance, Title IV credit balances must be issued to the student within 14 days of occurrence. With proper student authorization, institutions may hold a Title IV credit balance only until the end of the applicable loan period in which it was created, at which point, the credit balance for that loan period must be resolved. AIM cannot simply wait until the 2-year program charges are paid-in-full and issue remaining excess funds at that point.

Student 9 had the following charges and Title IV funds received in the second academic year of the program:

Payment Period	Charges	Title IV funds	Title IV Credit Balance
AY2, PP1	\$8,800	\$8,884	\$84
AY2, PP2	\$8,800	\$8,882	\$82
		Total	\$166

Based on a payment the student made in AY1, PP1, the excess funds at the end of the 2-year program totaled \$296.42. AIM made an adjustment to the student's account, which was labeled on the student's ledger card "round to zero" in which the \$296.42 excess funds, of which, \$166.00 was Title IV funds was written down by \$0.42 to \$296.00.

Although the student did sign an authorization form, AIM did not follow the student's election on the form to direct the disposition of the credit balance at the end of the loan period. Additionally, there was no proof in the file that the student authorized the write

down of \$0.42 of excess funds from the portion of the excess that resulted from his earlier payment to AIM. To write down \$0.42 from the portion of the excess funds that were a Title IV credit balance would constitute an improper use of program funds on the part of AIM, which could never be authorized by the student.

Required Action: AIM must insure that failure to timely return student's Title IV credit balances and improper use of program funds does not recur. AIM must develop policies and procedures for apportioning front-end charges across each payment period for the purposes of detecting Title IV credit balances, as it does for withdrawals and R2T4 calculations made on a payment-period basis. The procedures must discuss how tuition and fees will be apportioned, and whether any one-time charges, such as for the books and kit of tools received at the start of the program, will be apportioned or assigned to the first payment period. The procedures must describe the process for comparing apportioned charges to Title IV aid received in each payment period, determining if a Title IV credit balance exists, and for issuing timely credit balance payments in the absence of an authorization. The procedures must account for issuing a credit balance payment in the exact amount that a student is due, or to round the amount up to an even dollar amount using institutional funds. A copy of the revised procedures must be provided by AIM in response to this report. Instructions for repayment of any liabilities will be provided in the FPRD letter.

Finding 9: Title IV Funds Improperly Used to Pay Prior Year Charges

Citation: An institution may include in one or more payment periods for the current year, prior year charges of not more than \$200 for tuition and fees, room, or board without obtaining the student's or parent's authorization; and, if the institution obtains the student's or parent's authorization under § 668.165(b), an institution may include other educationally related charges incurred by the student at the institution. 34 C.F.R. § 668.164 (c)(3)

Noncompliance: AIM improperly used Title IV funds from student's second academic year in a program to pay for institutional charges remaining from the student's first academic year.

Specifically, Student #7 commenced attendance in the Aviation Maintenance Technician Engineer program on 8/25/14 and his first academic year consisted of eight 120-hour modules. His first academic year ended on 6/14/15. At the end of this academic year, the student had an outstanding balance of institutional charges of \$9,124.54.

During the student's second academic year, AIM originated and disbursed Federal Direct Loans for the student with the loan period 6/15/15 to 4/3/16. This was the student's second academic year in the program, and the funds that were disbursed in the second academic year could only be used to pay a maximum of \$200.00 of the student's outstanding balance from the first academic year. According to the student's account record dated 9/14/15, AIM assessed the student a total of \$8,880.00 in allowable charges and it disbursed a net amount \$13,446.00 to the student in the first payment period of the second academic year. The following chart details the charges and Title IV payments:

Payment Period	Charges	Title IV funds	Balance Owed to AIM
AY1, PP1	\$10,121.54	\$4,701.00	\$4,945.54*
AY1, PP2	\$8,800.00	\$4,701.00	\$9,124.54
AY2, PP1	\$8,800.00	\$13,446	\$4,558.54

*includes student cash payments of \$475.00

AIM disbursed \$4,566.00 of Title IV funds in excess of institutional charges in the first payment period of the second academic year and the outstanding balance on the student's account record shows that AIM applied all \$4,566.00 to the prior year charges. Amounts of current-year funds applied by AIM to prior-year charges in excess of the \$200.00 amount allowed by regulation are an institutional liability.

Requirement: AIM must develop and implement written policies and procedures to ensure that it will not use current Title IV funds to pay prior year charges in excess of the \$200 limit. AIM must provide a copy of these procedures in response to this report.

AIM must also provide an updated account ledger for this student, showing a complete listing of all charges and payments through the student's graduation date.

Instructions for repayment of any liabilities will be provided in the FPRD letter.

E. Appendices

Appendix A (Student Sample) contains personally identifiable information and will be emailed to AIM as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.