September 4, 2020

Ana Cucurella, PhD.
President
Caribbean University
Urb. Forest Hills
Road 167 KM21.2
Bayamon, PR 00960-0493

RE: **Final Program Review Determination**
OPE ID: 01252500
PRCN: 2019-1-02-29939

Dear Dr. Cucurella:

The U.S. Department of Education's (Department's) Office of Federal Student Aid issued a program review report on February 20, 2019 covering Caribbean University's (CU'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 2017/2018 and 2018/2019 award years. CU's final response was received on March 4, 2020. A copy of the program review report (and related attachments) and CU's responses are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CU 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.

The total liabilities due from the institution from this program review are **$6,034.77**.

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. In addition, Appendices C, D, and E also contain PII. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

If CU 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 CU's request no later than 45 calendar days from the date CU receives this FPRD. **The Department requests that CU 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/Partner Enforcement and Consumer Protection
830 First Street, NE UCP3, Room 84F2
Washington, DC 20002-8019

CU'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. **Please note that any additional documentation submitted with the institution's appeal request, other than items 1-3 above, will only be used by the Administrative Actions and Appeals Service Group (AAASG) to determine whether the appealed liabilities can be resolved or reduced prior to the transmittal of the appeal to the Department's Office of Hearings and Appeals (OHA).** As a result, please submit **no more than three copies** of any additional documentation, other than items 1-3 above, that the institution would like to have informally considered. The additional documentation, not part of items 1-3 above, provided with the institution's appeal request will NOT be delivered to OHA as part of the appeal request. Instead, the parties will submit filings to OHA (including any supporting documentation) in accordance with the Hearing Official's orders after the matter has been assigned to the official, as described below.

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, and there remains unresolved liabilities after review by AAASG, 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 it appeal request or pursuant to the proceedings at OHA. The procedures followed with respect to CU'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: 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 Lydia Gonzalez at (646) 428-3743. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

Betty Coughlin
Division Chief

Enclosure:
Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Ms. Denisse Ortega, Financial Aid Administrator
Consejo de Educacion de Puerto Rico
Middle State Commission on Higher Education
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Prepared for

Caribbean University

Federal Student Aid
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OPE ID 01252500
PRCN 2019-1-02-29939

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – New York/ Boston

Final Program Review Determination

September 4, 2020

Table of Contents

A. Institutional Information

Caribbean University
Urb. Forest Hills
Road 167 KM 21.2
Bayamon, PR 00960-0493

Type: Public

Highest Level of Offering: Doctorate's Degree

Accrediting Agency: Middle States Commission on Higher Education

Student Enrollment: 3,082 (2017/2018)

Percentage of Students Receiving Title IV: 98% (2016/2017)

Source: School Records

Title IV Participation:

Program	**Award Year 2016/2017**
Federal Pell Grant (Pell)	$ 12,683,798
TEACH	217,726
Federal Supplemental Educational Opportunity Grant (FSEOG)	240,902
Federal Work Study (FWS)	135,268
Federal Direct Loan Stafford Subsidized (DL Sub)	3,869,018
Federal Direct Loan Stafford Unsubsidized (DL Unsub)	4,952,250
Total	**$22,098,962**

Default Rate FFEL/DL:

2016	16.9%
2015	21.7 %
2014	23.7%

Default Rate Perkins: No Participation

Source: School Records & U.S. Department of Education

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Caribbean University (CU) from December 3, 2018 to December 7, 2018. The review was conducted by Lydia Gonzalez, and James McDonagh.

The focus of the review was to determine CU'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 CU'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 2017/2018 and 2018/2019 (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. In addition, 1 file was selected to test Title IV awards to students in the Doctoral program. **Appendix A lists** the names and partial social security numbers of the students whose files were examined during the program review. A Program Review Report (PRR) was issued on February 20, 2019, which is included as **Appendix B.**

Subsequent to issuing the program review report, on May 20, 2019, CU requested an extension to submit the program review response due on May 31st, 2019. The extension was approved through May 31st, 2019. On May 31st, 2019, CU forwarded its program review response which was received by the Department on June 6, 2019.

After a preliminary review of the information and documentation submitted by CU, the program review response was deemed incomplete. As a result, on July 1, 2019, the Program Reviewer contacted a CU Official, and asked for a summary of the results of file review responses in spreadsheet format for each relevant finding. On July 5th, 2019, CU submitted the additional information requested. A summary of CU's program review responses is included as **Appendix C.**

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CU'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 CU of its obligation to comply with all the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Final Determinations

Resolved Findings/Findings without Liabilities

Findings: 3 through 9

CU has taken the corrective actions necessary to resolve findings 3 through 9 of the Program Review Report. Therefore, these findings may be considered closed. Appendix C contains the institution's written responses related to the resolved finding.

Finding 3. Recordkeeping Inadequate/COD Data Reported Not Reconciled

In its response, CU submitted a copy of its Reconciliation Procedures implemented on July 1, 2019 to prevent recurrence of this finding. There were no liabilities associated with this finding. Therefore, no further action is required.

Finding 4. Incomplete Verification

In its response, CU submitted supporting documentation from Consejo de Educacion de Puerto Rico which resolved the high school credential matter for Student 7. No further action is required.

Finding 5. Student Enrollment Status Reporting Untimely/Inaccurate

In its response, CU stated the Office of the Registrar reviewed each student who had completed the graduation requirements for award year 2017/2018 and 2018/2019 academic years, and had updated the status from Withdrawal to Graduated with the National Student Clearinghouse for a total of 478 students. CU also submitted a copy of its procedures to prevent recurrence of this finding. Therefore, no further action is required.

Finding 6. Bank Account-Federal Funds Not Identified

In its response, CU submitted a letter from Banco Popular which confirms the Direct Loan bank account has been changed to read "Federal Direct Loan" account, as required. No further action is required.

Finding 7. Failure to Update Application Information

In its response, CU stated it understands, agrees to, and will comply with the requirement to report changes in officials to the Secretary within the required 10-day period. CU also provided a copy of its corrective action plan to prevent recurrence of this finding. No further action is required.

Finding 8. Direct Loan Exit Counseling Deficiencies

CU provided acceptable documentation confirming that the student completed exit counseling. Therefore, no further action was required.

Finding 9. System Internal Control Weaknesses

During the program review visit, reviewers noted an over award on the cost of attendance for Students 13, and 29, which should have been flagged by CU's system of internal control, but was not. Based on additional information provided by CU, the reviewers determined the students were eligible for the Title IV funds disbursed. However, the Department had concerns with CU's system of internal control. CU's computer system did not have the proper controls programmed to detect students receiving financial aid over awards which could adversely affect CU's ability to administer the Title IV, HEA programs with appropriate checks and balances. As a result, CU was required to review the COAs for all students during award years 2017/2018 and 2018/2019 to determine if other students who were awarded Title IV funds failed to meet eligibility requirements, and if there was an over award, with the amount of liabilities associated with each student.

In its response, CU stated it accepted this finding, and would provide training during the summer of 2019 regarding the system's internal control requirement update, which will prevent CU from exceeding a student's cost of attendance, a function which is currently done manually. CU also submitted the results of the file review requested for this finding. The results indicate there were no financial aid over awards during award years 2017/2018 and 2018/2019, through 5/31/2019. Therefore, no further action is required.

Findings with Established Liabilities

The PRR findings requiring further action are summarized below. At the conclusion of each finding is a summary of CU's response, if a response was submitted to the finding, and the Department's final determination for that finding. A copy of the PRR issued on February 20, 2019, and correspondence related to the program review responses are attached as **Appendix B**. CU's responses are attached as **Appendix C.**

Finding 1. Student Credit Balance Deficiencies

Summary of Noncompliance: Whenever an institution disburses Title IV, HEA Program funds by crediting a student's account and the total amount of all Title IV 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(e)

If an institution obtains written authorization from a student or parent to withhold a credit balance, an institution may not require or coerce the student or parent to provide that authorization; the institution 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 (cannot be a blanket authorization). If an institution holds excess student funds, the institution must identify the amount of funds the institution holds for each student or parent in a subsidiary ledger account designed for that purpose. It must maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the students. See 34 C.F.R. §668.165(b)

An institution may use Title IV, HEA program funds to credit a student's account at the institution to satisfy current year charges and prior award year charges for a total of not more than $200.00. 34 C.F.R, §668.164 (d) (1), (2)

An institution shall account for the receipt and expenditures of Title IV program funds in accordance with generally accepted accounting principles. An institution shall establish and maintain on a current basis financial records that reflect each HEA, Title IV program transaction. 34 C.F.R. §668.24(b)(1)

An institution shall establish and maintain on a current basis financial records that reflect each HEA, Title IV program transaction. 34 C.F.R. §668.24(b)(2)(i)

The records that an institution must maintain in order to comply with the provisions of this section include but are not limited to—
(iv) Documentation relating to each student's or parent borrower's receipt of Title IV, HEA program funds, including but not limited to documentation of—
(A) The amount of the grant, loan, or FWS award; its payment period; its loan period, if appropriate; and the calculations used to determine the amount of the grant, loan, or FWS award;
(B) The date and amount of each disbursement or delivery of grant or loan funds, and the date and amount of each payment of FWS wages;
(C) The amount, date, and basis of the institution's calculation of any refunds or overpayments due to or on behalf of the student, or the treatment of Title IV, HEA program funds when a student withdraws; and
(D) The payment of any overpayment or the return of any Title IV, HEA program funds to the Title IV, HEA program fund, a lender, or the Secretary, as appropriate. 34 C.F.R. §668.24(c)(1)

The institution is reminded that it has a fiduciary responsibility to safeguard Title IV funds; ensure Title IV funds are used only for the purposes intended; act on the student's behalf to repay a student's Title IV educational loan debt when the school is unable to pay a credit balance directly to the student, and return to the Department any Title IV funds that cannot be used as intended.

CU failed to make a payment, or a timely payment, of credit balances to the identified students when the institution received Title IV funds in excess of the student's tuition and fees charges. The students' files did not contain a proper written notification from the student authorizing the institution to hold the balance, or to pay for future charges beyond the 14 days allowable.

A review of the student sample indicated several institutional deficiencies with credit balances as follows:

1. The review showed that in 24 of 35 instances, the date of the credit balance refund indicated in the student's ledger as "Sobrante " (excess) did not match date of the credit balance refund check. The difference in dates ranged from 1 day to as long as 148 days, which in most cases resulted in paying the student credit balance beyond the required 14 days allowed by regulation. The transaction description on the ledger gives the impression that the excess funds were delivered to the student on the date indicated, when source records indicate that was rarely the case. The information shows that in most cases, the issue is not related to Hurricane Maria because this is also affecting students from the current award year 2018/2019. The date the credit balance is created on the student ledgers can be misleading to an auditor or a reviewer. If the date the check is created is different than the date the credit balance amount is noted in the ledger, then the ledger must show two different transaction dates.
2. There were four (4) instances where CU did not provide proof of refunds, which might not have been paid to the students as of the date of the program review visit. This can result in excess cash.
3. There was one student (#6) for which a credit balance in the amount of $820 created on 11/1/18 still had not been paid as of the date of the program review, 12/3/18.
4. For Student 8, a $2,440.00 DL credit balance check due the student was voided. It appears the funds were inappropriately used to pay prior year balance.
5. For Student 10, a DL credit balance check in the amount of $1,640.00 due the student was reversed. It appears the funds were inappropriately used to pay CU's share of the return of Title IV due the Department. The R2T4 calculation worksheet (Step 7) for this student indicated the initial amount of unearned Title IV due from the student is $0.
6. For Student 3, a credit balance in the amount of $600 created on 6/19/18 was paid 7/3/18. However, the check was not cashed until 12/13/18, after the program

review visit, which was 163 days after the check was cut. Similarly, this was the case with an additional 11 students. Most of these credit balances resulted from Title IV funds disbursed after May 2018, which is unrelated to Hurricane Maria. Please refer to student chart under this finding in Appendix B for further details.

Although the Department has taken into consideration the fact that CU was affected by Hurricane Maria which devastated Puerto Rico on 9/14/17, based on the Department's G5 financial system (G5), and information obtained during the program review site visit, it is evident that the institution delayed issuing credit balance checks to many students without justification after that time period. While the Department understands that employees had difficulties getting to work as a result of this natural disaster, there is no justification for CU not to pay students their credit balance funds in a timely manner during the spring 2018 semester, and after. This information also confirms the large number of student complaints against CU alleging that the institution failed to pay their Pell and Direct loan credit balance funds in a timely manner.

CU's failure to pay the Title IV, HEA funds to the students in a timely manner is unacceptable. The purpose of the program is to assist students with their educational expenses, not limited to direct tuition costs. This also causes an increased number of student complaints, which is the case with CU.

Directive from Program Review Report: Due to the systemic issues noted with late or unpaid credit balance in 30 of 35 instances (85.7%), the Department's credit balance audit trail concerns, and possible excess cash, CU was required to perform a full file review identifying all Title IV recipients who had excess Title IV funds in his/her account during award year 2017/2018 and 2018/2019, including the students cited in this finding, to determine the exact amount of institutional liability associated with this finding. CU was also required to provide the dates the checks were issued or mailed to the student, and proof of cancelled checks. In the event that CU was unable to provide a cancelled check for each transaction, CU was required to provide justification for withholding the funds, and action taken as a result, including but not limited to cancelling and returning the funds to the Department.

CU was also required to develop procedures that would ensure the prompt delivery of credit balances to students in the future, and procedures that ensure the dates noted in the student ledgers match the dates the checks are created. If this is not possible, then the student ledger must accurately describe the nature of the initial transaction. A complete set of records documenting the final delivery of funds must be provided in all future audits and reviews. CU was required to provide details of those procedures with the response to this report.

Analysis of Liability Determination: In its response, CU stated it accepts the deficiency noted by the Reviewers and has evaluated 100% of all students with financial aid credit balance for the 2017/2018 and 2018/2019 award years. It stated the Finance

Office, in coordination with the Financial Aid Office, and the Vice President of Finance, have established procedures to process students' financial aid disbursements, and provided a copy of the procedures. It also stated it provided training workshops to Financial Aid Bursar, and Finance personnel so they can efficiently implement the procedures. CU claims that more than 30,000 homes in rural areas were affected by hurricane Maria, and many families lost everything which caused some to move to various U.S. states, so when in doubt about whether the students were going to continue their studies or not, the Director of Finance preferred to keep the student credit balance refunds. CU also claims that it lost seven (7) buildings in the main campus and had not received any monetary compensation from the insurance companies or FEMA to correct or replace the affected areas in the main campus and in the other three branches. It understands the responsibility of the university to have secured its servers and communication system, but it never expected that all communication systems on the island would collapse, and it was not until three months after the storm that internet and telephone services were intermittently restored.

The results of the late payment of credit balance file review for both award years indicated that a total of 5582 of 6383 (88%) checks cut during AY 17/18 were released late to the students, in some cases as late as 220 days, representing 88% of the credit balance checks issued late. Many checks that had been held for months were only released after the program review was announced, in November 2018. Student complaints regarding not getting their funds in a timely manner was one of the issues that brought upon the program review. CU claims that 40% of the students are from rural areas and had no communication, so it was not sure if the addresses existed, and that there were mail delivery issues.

Similar to AY 17/18, the file review for AY 18/19 shows similar pattern in retaining student credit balance checks after the checks were cut. A total of 1344 of 1928 (70%) checks cut during AY 18/19 were released late to the students, in some cases as late as 148 days.

Based on CU's response to this finding, an updated student credit balance file review report was requested covering the period 1/1/2019 through 9/30/2019. The updated report received on10/25/2019 indicates there were 3,423 credit balance payments made, of which 2,476 were not paid within the required 14 days, resulting in 72% of students' credit balance refunds paid late to the students. On 11/8/2019, an email was sent to CU's Officials, including the president, to inform them that the untimely payment of credit balances to students continues to be a serious deficiency, causing additional student complaints, and reminded the institution that it has a fiduciary responsibility to safeguard Title IV funds, and ensure Title IV funds are used only for the purposes intended. In response, CU submitted a more detailed procedure for paying credit balance refunds to students. The procedure includes an internal audit process and quarterly certification from a public accountant who will be reviewing the payment of student refunds on a

quarterly basis for compliance. The results of the internal audit will be provided to CU's Officials, including the president.

In its response, CU provided proof that Students 1, 6, 12, and 25 received their credit balance payments. For Student 8, a credit balance refund check in the amount of $2,440 was voided and the institution used some of the money to pay the student's prior year account balance. Based on the Department's recalculation, CU was required to pay the student $1,181. CU paid the $1,181 to the student and provided proof of payment. Therefore, no further action is required for this student. For Student 10, the student failed to pick up the credit balance refund in the amount of $1,640 dated 6/29/18. CU reversed the transaction amount and used $1,318 to pay CU the tuition debt incurred by the student after the R2T4 calculation. However, this action is not acceptable under the R2T4 regulations. Therefore, CU must return **$1,318.00** to the DL Sub program for AY 2017/2018.

Below is a summary of the remaining non-negotiated student credit balance checks and or inappropriate use of student credit balances due the Department for AY 2017/2018 and 2018/2019.

Award Year	# of Student	Pell grant Amount	FSEOG Amount	FWS Amount	DL Sub Amount	Total
2017/2018	10	$1,253	691.88	0	0	$1,944.88
2018/2019	10	$ 255	$0	5.51	$3,352.00	3,612.51
Total	**19**	**$1,508.00**	**$691.88**	**$5.51**	**$3,352.00**	**$5,557.39**

Based on additional guidance on The Federal Student Aid Handbook's section on Processing Aid and Managing FSA Funds, Volume 4, Chapter 1 states that in the case of unclaimed disbursements, a school must ensure that FSA funds do not escheat to the state or revert to the school or any other party. It further states that a school must have a process through which it identifies a credit balance that remains on a student's account beyond the payment deadline or undelivered to the student, and returns those funds to the FSA program on behalf of the student. The search for the student should end and the return to the Department should be completed prior to the date the funds would otherwise escheat, but no later than a few days after a check to the student would cease to be negotiable (usually 180 days).

Also, Dear Colleague Letter GEN 04-03 states that if an institution cannot locate the student (or parent) to whom a Title IV credit balance must be paid, it must return the credit balance to the Title IV programs.

Therefore, the total Pell grant liability due the Department for this finding $1,508.00, and the cost of funds (COF) liability due is $13.27. The total DL Subsidized loan due the

Department is $3,352.00, and the COF liability is $26.00. The total amount of FSEOG (Federal Share) due the Department is $691.88, and the COF liability is $7.19. The total FWS (Federal Share) due the Department is $5.51, and the COF liability is $0.02. The total liability due the Department is **$5,603.87**, included as **Appendix D and D1.**

Since the credit balances were eventually delivered to the students, the Department did not establish a liability for the cost to the students of the delayed payment, but CU must be aware of the impact of the delayed payments. In addition, CU is reminded that until the credit balance checks are cashed, CU must ensure it retains the amount of funds needed to cover any outstanding checks and be able to account for those funds in its fiscal records.

Repayment instructions are included in Section E of this FPRD.

Finding 2. Return of Title IV Deficiencies

Summary of noncompliance: When a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, it must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a refund calculation identified in pertinent Federal regulations, including the identification of proper payment periods, the correct calculation of the number of days completed by the student and the number of days in payment period, and the inclusion of Return calculation of all pertinent Title IV disbursements. 34 C.F.R. §668.22

An institution must return the amount of Title IV funds for which it is responsible under 34 C.F.R. § 668.22(g) 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)

CU failed to either process an R2T4 calculation, failed to make an R2T4, or made a late R2T4 for the following students.

Student 8- the student's R2T4 calculation worksheet indicated that on 1/12/18, CU determined that the student unofficially withdrew on 12/16/17. CU also determined that a return of Title IV in the amount of $1.444.00 was to be returned to the DL Subsidized loan (DL Sub). The student's ledger indicates that the DL Sub loan refund was issued 6/15/18 in the amount of $1,444.00, which was paid 109 days late.

Student 10- the student's ledger indicates that a credit balance in the amount of $1640.00 was issued on 3/26/18, but apparently not given to the student. Once CU determined that the student unofficially withdrew from the term on 4/20/18, the credit balance in the amount of $1,640.00 was reversed on 6/29/18 and reduced the credit balance to $322.00.

The difference of $1,318.00 was used to pay CU's portion of its unearned required R2T4 to Pell 17/18. Based on CU's R2T4 calculation, under Step 7, the student was not required to pay any unearned Title IV. It appears the student did not receive her full credit balance check in the amount of $1,640.00 because CU improperly held the check for 95 days. CU was required to pay the student the full credit balance, but it failed to do so.

Student 19- on 11/5/18, CU determined that the student unofficially withdrew on 10/18/18, processed an R2T4 calculation, and returned $1,524.00 to the Pell 18/19 program. However, as of 11/29/18, NSLDS showed no enrollment at CU for this student, which is conflicting. As a result, CU was required to provide proof from each professor that the student began all courses during the fall 2018 semester in order to determine whether the R2T4 calculation is correct.

Student 20- CU's withdrawal list for the fall 2018 term shows the student withdrew on 10/30/18. There was no R2T4 calculation in the student file, and NSLDS shows CU reported on 11/14/18 the student's status as full time, which is conflicting. In addition, one of the courses (HUMA -206-I1A) showed the time schedule as TBA. As a result, the reviewer was unable to determine the student's Pell grant eligibility for the fall 2018 term. Therefore, CU was required to provide proof that the student began each course during the fall 2018 semester, and student's official withdrawal documentation for the fall 2018 term.

Directive from Program Review Report: Due to the systemic nature of this finding (4 of 5 withdrawn students in the sample = 80% error rate), CU was required to determine the exact amount of institutional liability associated with this finding. The institution was required to perform a full file review to identify all Title IV recipient students, in the award years 2017/2018 through 2018/2019 who withdrew or stopped attending the institution for whom a return of Title IV calculation was required, including the students cited in this finding.

In addition to these requirements, CU was required to devise and implement procedures that will prevent reoccurrence of this finding, and provide a copy of those procedures in its response.

Analysis of Liability Determination: In its response, CU stated the university's management recognizes the deficiencies in this finding and has reviewed its institutional policies related to official and unofficial withdrawals, and its institutional and Federal refund policy. CU submitted the results of the required full file review report for award years 2017/2018 and 2018/2019.

Regarding the students cited in this finding, for student 8, the student is listed in the file review for award year 2017/2018. CU also refunded an additional **$1,181** to the student under finding 1 because CU improperly kept the funds to pay prior award year balances

which is a violation of 34 C.F.R, §668.164 (d) (1), (2). The late refund COF liability is being assessed under this finding. For student 10, CU improperly retained $1,318 from the student's DL Fall 2017 semester credit balance to pay unearned Title IV refund for the spring 2018 semester. Therefore, a credit balance liability in the amount of **$1,318** DL Sub has been established under Finding 1 payable to the Department. CU submitted proof the student began all courses during the fall 2018 semester. Therefore, no further R2T4 action is required. Also as required, CU submitted proof that students 19 and 20 began all the required courses. Therefore, no further R2T4 action is required for these students.

The results of the file review submitted for award year 2017/2018 indicates that of 351 return of Title IV funds paid, 144 were paid late which resulted in a 41.02% late refund error rate. In addition, this is duplicate finding from Fiscal Year Ending 6/30/2018 Compliance Independent Audit Control # 02-2018-91287 which was referred to this program review for resolution. For award year 2018/2019 the file review disclosed that of 144 return of Title IV payments made, two were made late. Under normal circumstances, due to the high error rate (41.02%) of late payments of refunds for award year 2017/2018 cited both in this program review and compliance audit for FYE 6/30/2018 (6 of 25=24%), the Department would have asked for an irrevocable letter of credit (LOC) equivalent to 25% of the total amount of refunds that were processed. However, due to the continuing effects from Hurricane Maria, this requirement is being waived. The late refund COF associated with this finding Pell grant due the Department is $312.90, and the DL COF associated with this finding, the Department is $118.00, totaling **$430.90,** included as **Appendices E, and E1.**

Repayment instructions are included in Section E of this FPRD.

D. Summary of Liabilities

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

Liabilities	Pell	FSEOG	FWS	DL Sub	Total
Finding 1	$1,508.00	$691.88	$5.51	$3,352.00	$5,557.39
Sub Total 1	**$1,508.00**	**$691.88**	**$5.51**	**$3,352.00**	**$5,557.39**
Interest/SA/ COF Findings 1 &2	$ 326.17	$7.19	$.02	$ 144.00	$ 477.38
TOTAL	**$1,834.17**	**$699.07**	**$5.53**	**$3,496.00**	**$6,034.77**
Payable to:					
Department	**$1,834.17**	**$7.19**	**$.02**	**$1,462.00**	**$3,303.38**
COD Adjustments Current Year (funds return via G5				**$2,034.00**	**$2,034.00**
FISAP Corrections		**$691.88**	**$5.51**		**$ 697.39**

E. Payment Instructions

I. Liabilities Owed to the Department

CU owes to the Department **$6,034.77,** of which **$3,303.38** is payable directly to the Department. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

If the check is sent special delivery (signature/receipt required), the check must be sent to the following address:

U.S. Bank
1005 Convention Plaza
St. Louis, MO 63101
Attn: Govt. Lockbox Tram MO-SL-C2GL
Re: For Dept. of Ed. 979026
Payment must be made via check

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and <u>upon receipt of payment the Department will apply the funds to the appropriate G5 award</u> (if necessary).

The following identification data must be provided with the payment:

Amount: **$3,303.38**
DUNS: **091117671**
TIN: **237409172**
Program Review Control Number: **201910229939**

<u>Terms of Payment</u>

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of**

this letter. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. CU is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivables & Bank Management Group at (202) 245-8080 and ask to speak to CU account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Centralized Receivables Service (CRS) at 1-855-549-2683 to apply for a payment plan. Interest charges and other conditions apply.

If within 45 days of the date of this letter, CU has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due **CU** from the Federal Government. CU **may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CU must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided**. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

II – Instructions by Title IV, HEA Program

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

Direct Loan Open Award Years

Finding: 1
Appendix: D1

CU must repay the following Direct Loan liabilities:

DL Open Award Year		
Amount (Principal)	Amount (COF)	Award Year
$2,034.00	$8.00	2018/2019
Total Principal	Total COF	
$2,034.00	**$8.00**	

The 2018/2019 award year will remain open for adjustments until 7/31/2021. Adjustments in the Common Origination and Disbursement (COD) system must be made by these dates. The disbursement record for each student identified in Appendix D1 listed above must be adjusted in COD based on the recalculated amount identified in appendix. 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 Lydia Gonzalez **within 45 days of the date of this letter**.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

Direct Loan Closed Award Years (Request Extended Processing)

Findings: 1 and 2
Appendices: D1 and E1

CU must repay the following Direct Loan liabilities:

List each program by principal, interest, and award year on separate rows

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
$1,318.00	18.00	2017/2018
	118.00	Finding 2 DL COF
Total Principal	Total Interest	
$1,318.00	**$136.00**	

The disbursement record for each student identified in the D1 listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the/these appendix. A copy of the adjustment to each student's COD record must be sent to Lydia Gonzalez **within 45 days of the date of this letter**.

2. Liabilities owed to the Department in the case of Title IV Grants

Pell Grant Liabilities – Closed Award Year

Findings: 1 and 2
Appendices: D and E

CU must repay the following Pell Grant liabilities:

Pell Closed Award Year			
Amount (Principal)	Amount (COF)	Title IV Grant	Award Year
$1,508.00	$ 13.27	Pell Grant	2017/2018
	$312.90	Pell Finding 2 COF	
Total			
$1,508.00	**$326.17**		

The disbursement record for each student identified in the appendices to the applicable findings must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendices.

This amount above is also reflected in the total amount owed to the Department in Section 1 above.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to **Lydia Gonzalez within 45 days of the date of this letter**.

3. Campus Based Programs Liabilities

Liabilities that must be paid via the FISAP Correction Process

Finding: 1
Appendix: D

CU must return **$691.88** in FSEOG funds and **$5.51** in FWS funds utilizing the FISAP correction process. Depending on the results of the FISAP correction process, CU will be required to return some or all the liabilities via G5 in accordance with the sixth bullet point of the instructions below:

CU must make corrections to its FISAP for the 2017/2018 and 2018/2019 award years as follows:

- Log into COD and select the Campus-Based menu option from the School tab. Select 'FISAP' from the left navigation menu, then 'FISAP Dashboard', and select the appropriate FISAP from the drop-down menu. Click 'Edit' and make and save all required changes in the FISAP.

- CU must also make the corresponding updates to Part VI of the FISAP and confirm the amount of ACA, if any, that must be returned.

- Once all changes have been made and validated, click 'Submit' and complete the process to submit a 'Change Request '. Provide the justification for the changes in the comment box, indicating which Parts were changed and that the changes are a result of a program review and include the Program Review Control Number 201910229939.

- CU's Financial Aid Administrator (FAA) will be notified via email from a member of the Campus-Based Division when the request is approved. Once approved, the FISAP must be resubmitted within 5 business days.

- To confirm the FISAP changes are correct and for any questions about the process, CU can contact the COD School Relations Center at 1-800-848-0978 prior to submitting the change request. Note that certain changes to the FISAP may result in changes to subsequent FISAPs; the COD School Relations Center can assist in making this determination as well.

- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization,

return those funds via G5 as instructed in the FISAP change request approval email from the Campus-Based Division. If the school has not drawn down its full authorization, the authorization will be reduced. The amount of ACA that must be returned, if any, will be included in the amount identified in the email.

- The interest totaling **$7.21** will be applied to the general program account.

CU must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation to **Lydia Gonzalez,** within 45 days of the date of this letter.

F. Appendices

Appendices A, C, D, D1, E, and E1 contains personally identifiable information and will be emailed to CU as an encrypted WinZip file using Advanced Encryption Standard, 256-bit, **upon confirmation of a secure email address.** The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

Appendix B is attached to this report.