



July 3, 2019

Mr. William N. Laforge  
President  
Delta State University  
Highway 8 West  
Kent Wyatt Hall  
Cleveland, Mississippi 38733-0000

UPS Tracking Number  
1ZA87964NY97854716

RE: Final Program Review Determination  
OPE ID: 00240300  
PRCN: 201720429559

Dear Mr. Laforge:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on April 18, 2017 covering Delta State University's (DSU'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 2015-2016 and 2016-2017 award years. DSU's final response was received on November 2, 2018. A copy of the program review report (and related attachments) and DSU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by DSU 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 DSU'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.

This FPRD also contains one or more findings regarding DSU'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.

**Federal Student Aid**  
An Office of the U.S. Department of Education

School Participation Division – Atlanta  
61 Forsyth Street Room 18T40  
Atlanta, Georgia 30303-8918  
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Part 86. Since such a finding does not result in a financial liability it may not be appealed at this time.

The total liabilities due from the institution from this program review are \$269,111.65.

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 of the Program review report dated April 18, 2017.

#### **Appeal Procedures:**

If DSU 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 DSU's request no later than 45 calendar days from the date DSU receives this FPRD. **The Department requests that DSU 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

DSU'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 DSU'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 Jon Finkelstein at 404-974-9341. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,



Chris Miller  
Division Director

Enclosure:

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

Program Review Report

cc: Ms. Christie Rocconi, Financial Aid Administrator  
MS Board of Trustees of State Institutions of Higher Learning  
Southern Association of Colleges and Schools Commission on Colleges  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

Prepared for

**Delta State University**

**Federal Student Aid**  
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**OPE ID 00240300  
PRCN 201720429559**

**Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Division - Atlanta**

## **Final Program Review Determination July 3, 2019**

61 Forsyth Street Room 18T40  
Atlanta, Georgia 30303-8918  
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## **A. Institutional Information**

Delta State University  
Highway 8 West  
Ken Wyatt Hall  
Cleveland, Mississippi 38733-0000

Type: Public

Highest Level of Offering: Doctorate

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 3311 (2016-2017)

% of Students Receiving Title IV, HEA funds: 55.03% (2016 -2017)

Title IV, HEA Program Participation Postsecondary Education Participants System (PEPS):

	2016- 2017
Federal Direct Loan Program (FDLP)	\$ 18,212,191
Federal Pell Grant Program (Pell)	\$ 5,462,873
Federal Work Study Program (FWS)	\$ 366,056
Federal Perkins Loan Program	\$ 7,645
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 95,864
Total:	\$24,144,629

Default Rate FDLP:	2015 - 8.1%
	2014 - 7.7%
	2013 - 9.5%

Default Rate Perkins:	2017 - 10.8%
	2016 - 21.3%
	2015 - 22.5%



## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Delta State University (DSU) from February 27, 2017 to March 3, 2017. The review was conducted by Jon Finkelstein and Maurice White.

The focus of the review was to determine DSU'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 DSU'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 2015-2016 and 2016-2017 award years. The Department randomly selected the files from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. The Department also selected 10 additional 2015-2016 and five additional 2016-2017 files of withdrawn students due to a lack of withdrawn students in the original sample. 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 April 18, 2017. DSU submitted its first written response to the PRR on September 12, 2017. The response was reviewed and returned for incorrect (Finding 2) and incomplete (Finding 3) information. DSU submitted a revised response (Finding 2 - incorrect) on April 15, 2018. DSU submitted a final response (Finding 3 – incomplete) on November 2, 2018.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning DSU'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 DSU 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**

#### **Finding 1: Title IV Aid Disbursed to Students Not Accepted into a Title IV Eligible Program**

##### **Summary of Noncompliance:**

A student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution. 34 C.F.R. § 668.32 (a)(1)(i).

The 2015-2016 Federal Student Aid Handbook, Volume 1, Chapter 1, page 3 states a person must be enrolled as a *regular student* in an eligible program in order to receive FSA funds (exceptions are discussed later in this chapter). A regular student is someone who is enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certificate offered by the school.

A school must document a student's enrollment in an eligible program at the time of admission, and it must have a system to notify the financial aid office if the student leaves the program. It must also document that an aid recipient is a regular student.

The 2015-2016 Federal Student Aid Handbook, Volume 1, Chapter 1, page 4 states a student not enrolled in a degree or certificate program is eligible for Stafford and PLUS loans for up to one year if she is taking coursework necessary for enrollment in an eligible program.

The 2015-2016 Federal Student Aid Handbook, Volume 3, Chapter 5, page 93, states, secondly, a student enrolled in preparatory coursework has an annual loan limit of \$2,625 if the student is taking coursework in preparation for enrollment at the undergraduate level, and an annual loan limit of \$5,500 if taking coursework in preparation for enrollment at the graduate level.

Research conducted during the program review indicated that DSU offers a "Pre Nursing" designation for students who were taking pre requisite courses in anticipation of entry into the Bachelor of Science in Nursing Program. The "Pre" classification is used as a temporary placement while the student took the required prerequisite courses (63 total hours). The students were not enrolled in an eligible Title IV program while taking the prerequisite coursework.

**Directive from PRR:**

The PRR required DSU to complete the following -

1. Complete a file review of all students that were classified as Pre-Nursing and received Title IV aid during the 2015-2016 and 2016-2017 award years to determine if Title IV aid was awarded to ineligible students.
2. Submit a copy of its revised Awarding Policy/Procedures document that clearly addresses the issue discussed in the noncompliance section of the finding.

**Analysis of DSU Response:**

The Department reviewed the results of the file review conducted by DSU in response to this finding.

The Department has determined that an otherwise eligible student enrolled in a “pre-program” may be considered a regular student enrolled in an eligible program if, provided the appropriate academic requirements are met, enrollment in the pre-program **guarantees** the student admission to the full program at a later point. As detailed below, an analysis of the institution’s response revealed that the pre-program does guarantee acceptance into the nursing program. Therefore, in this particular case, the pre-program is considered to be the first part of the formal program in which the student will ultimately matriculate.

The reviewers requested information from DSU regarding the acceptance rate of students that successfully completed all of the prerequisites prior to the clinical portion of the Nursing Program. On July 10, 2017, DSU’s Dean of Nursing advised that a total of three students were successful with his/her prerequisites and were placed on a waiting list for acceptance into the Nursing Program due to space limitations. In a subsequent email dated 10/17/2018, the Dean of Nursing stated the following –

*“I am forwarding you the email exchange regarding two of the students on the excel spreadsheet that was sent in August of 2017. The attached spreadsheet has been corrected for the two students listed below. Both students are progressing in the Nursing program. One student’s anticipated graduation date is December 2018 and the other student’s anticipated graduation date is December 2019.*

*The third student on the spreadsheet was on the alternate list during the spring 2016 semester with prerequisite courses pending. According to her unofficial transcript in the BANNER system, she was unsuccessful in one of the pending prerequisite courses (BIO231 Anatomy and Physiology) at the end of the spring 2016 semester. She did not attempt the course again until Fall 2016 (she was successful). Therefore, she would not have been allowed into the Nursing Program during the Fall 2016 semester because of the unsuccessful attempt in BIO 231. She never reapplied to the Nursing program (spring 2017) following her*

*successful attempt of the prerequisite course (BIO 231). The attached spreadsheet indicates the correction."*

The Department strongly recommends that DSU clearly state in its promotional materials, catalog and other publications that successful completion of the prerequisite requirements guarantees admission to the Nursing Program.

In an email dated March 28, 2017, DSU's Registrar stated –

"I've created a new pre-nursing concentration in BANNER for applicants who apply as Pre-Nursing majors. When we receive applications for Pre-Nursing, admissions should code in BANNER as:

Program: BSIS  
Major: BSIS  
Concentration: 7110 (Pre-Nursing)

This change was done to address the Department's concern regarding the Pre-Nursing classification as a non-eligible program.

This finding is closed.

#### **Resolved Findings Without Liabilities**

DSU has taken the corrective actions necessary to resolve Findings 6 - 9 and 12 - 31 of the Program Review Report. Therefore, these findings may be considered closed. DSU's written response is included as Appendix C.

Finding 6: Direct Loan Over Award – Financial Need and Cost of Attendance (COA)  
Exceeded

Finding 7: Fiscal Operations Report and Application to Participate (FISAP) Inaccurate

Finding 8: FWS Off Campus Agreement(s) Missing

Finding 9: FWS Job Descriptions Inadequate

Finding 12: Student Enrollment Confirmation Report Filed Inaccurate/Late

Finding 13: R2T4 Not Made

Finding 14: Student Not Awarded Full Subsidized Direct Loan Eligibility

Finding 15: Student Not Awarded Full Unsubsidized Direct Loan Eligibility

Finding 16: Exit Counseling Deficiencies

Finding 17: Excess Cash Balance Maintained

Finding 18: Inadequate Policies/Procedures Manual

Finding 19: Lack of Separation of Duties in Authorizing and Disbursing Title IV Aid

Finding 20: Federal Supplemental Educational Opportunity Grant (FSEOG) Selection Policy  
Not Compliant

- Finding 21: Title IV Account Records Not Reconciled
- Finding 22: Satisfactory Academic Progress Policy Inadequate/Non-Compliant
- Finding 23: Incorrect Calculation of Cost of Attendance (Room and Board Components)
- Finding 24: Lack of Substantive Interaction - Distance Education
- Finding 25: Return to Title IV (R2T4) Policy Inadequate
- Finding 26: Missing Policy/Procedure to Validate Questionable High School Diplomas
- Finding 27: Book Voucher Policy (Consumer Information) for Pell Recipients Inadequate
- Finding 28: Missing Policy/Procedure for Reviewing Subsequent Institutional Student Information Record (ISIR) after Packaging
- Finding 29: Missing Consumer Information Requirements
- Finding 30: Failure to Participate in Transfer Monitoring
- Finding 31: Lack of Administrative Capability

### **Findings with Established Liabilities**

The program review report findings with liabilities requiring further action are summarized below. At the conclusion of each finding is a summary of DSU's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on April 18, 2017 is attached as Appendix B.

### **Finding 2: Ineligible Student – Mitigating Circumstances Not Demonstrated In Satisfactory Academic Progress (SAP) Appeal**

#### **Summary of Noncompliance:**

If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy must describe -

How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs;

The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and

Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation.

34 C.F.R. § 668.34 (a)(9)

DSU's SAP policy included the following -

*"All students have the right to appeal decisions regarding holds/suspensions of financial assistance. A student may file an appeal by completing a Request for Reinstatement of*

*Financial Aid form with appropriate documentation. Requests for reinstatement should be submitted at least ten (10) working days prior to the last day to register. All requests will be reviewed within ten working days of submission to the SFA office provided they are properly completed and documented.*

*Students who are denied reinstatement of financial aid funds may be reinstated to good standing for financial aid purposes as soon as they are once again making satisfactory progress as outlined in this policy. Those students who attempt to reinstate eligibility after being denied must do so without benefit of financial assistance from any of the Title IV funds and must improve their standing while attending Delta State unless otherwise advised by the DSU Financial Aid Staff/Director."*

The Department identified three students (4, 6 and 27) from the program review sample that appealed a SAP determination. In each instance, the student did not provide mitigating circumstances. Detailed information regarding these students was provided in the Program Review Report.

#### **Directive from PRR:**

Based upon the error rate (2 out of 15 files [2015-2016 only] - 13.3%) of this finding, DSU was required to conduct a 100% file review for students who submitted a Financial Aid Appeal Form during the 2015-2016 award year (including students identified in the Program Review Sample). DSU was required to determine if the SAP appeal provided mitigating circumstances to substantiate the student's failure to maintain SAP.

#### **Analysis of Liability Determination:**

DSU concurred with the finding and stated that the institution has enhanced its SAP procedures to include detailed step by step instructions to ensure accurate SAP evaluations moving forward. In addition, DSU has edited its SAP Appeal Form with an enhanced definition of mitigating circumstances to assist students in preparing his/her appeal.

The response for this finding was reviewed by the Department for accuracy. Upon initial review, several discrepancies were noted in the return amounts established by DSU based on a review of Common Origination and Disbursement (COD) records. As such, the Department returned the response to DSU for corrections on April 5, 2018. DSU re-evaluated the data included in the file review and submitted updated data to the Department in its April 15, 2018 response. The Department reviewed the results of the second file review conducted by DSU in response to this finding and determined that the response was acceptable and identified the students who were determined to have had inaccurate SAP appeal approvals. These students are identified in Appendix D.

Liability totals for ineligible Pell and FSEOG disbursements are presented in the table below. In addition to the ineligible Pell and FSEOG awards, DSU is also required to repay the Cost



of Funds (COF) on the ineligible Federal Pell Grant and FSEOG disbursements. The COF is the expense the Department incurred as a result of DSU retaining ineligible funds. The COF rate is based on when the funds should have been returned to the Department. The COF is calculated through the date of the Program Review Report (April 18, 2017). A copy of the COF calculation is included in Appendix E.

Title IV Program/Award Year	Fund Liability	Cost of Funds	Estimated Loss (EL) Direct loans	Total
Pell 2015-2016	\$176,045.50	\$2,458.57		\$178,504.07
FSEOG 2015-2016	\$1,600.00	\$11.81		\$1,611.81
Direct Loan 2015- 2016			\$46,889.03	\$46,889.03

The total amount of Direct Loan funds that DSU improperly disbursed during the 2015-2016 award year for this finding is \$536,190 (see Appendix D). However, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the Department, or asserting a liability for the entire loan amount, the Department has asserted a liability for the estimated loss (EL) that the government may incur with respect to the ineligible loans. The estimated loss is calculated based on the relationship between DSU's cohort default rate and the sector cohort default rate. As a result, the estimated loss that DSU must pay to the Department for these ineligible loans is \$46,889.03. Appendix F contains the results of the calculation of the EL.

A full accounting of the total liability will be discussed in the Summary of Liabilities section of the report. Instructions for repayment of this liability are included in the Payment Instructions section of this report.

### **Finding 3: Return to Title IV (R2T4) Calculation Errors**

#### **Summary of Noncompliance:**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period of period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22 (a).

The percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date. 34 C.F.R. § 668.22 (e)(2).

For purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined—

In the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date.

34 C.F.R. § 668.22 (f)

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

Where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the Return calculation. (The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before classes resume, is the last day of the break.) If classes were taught on either weekend for the programs that were subject to the scheduled break, those days would be included rather than excluded.

See 34 C.F.R. § 668.22 (f) and 2015-2016 Student Aid Handbook, Volume 5, Chapter 1, page 74

The 2015-2016 Student Aid Handbook, Volume 5, Chapter 1, page 41 states a school must calculate the amount of earned Title IV funds by applying a percentage to the total amount of Title IV program assistance that was disbursed and that could have been disbursed. Under Step 1 of the worksheet, a school fills in the amount of each type of Title IV aid that was disbursed and that could have been disbursed. When entering the amount of loan funds, **a school should enter the net amount disbursed and that could have been disbursed.**

2015-2016 Student Aid Handbook, Volume 5, Chapter 1, page 41

The institution must return, in the order specified in paragraph (i) of this section, the lesser of—

The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

For purposes of this section, **“institutional charges” are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally related expenses assessed by the institution.**

34 C.F.R. § 668.22 (g).

DSU did not include the weekend before breaks of five days or more and the weekend after breaks of five days or more in its determination of the number of days to exclude from the payment period. DSU has a break of five days or more in both the fall and spring semesters. In addition, DSU listed the gross amount of loan proceeds in Step 1 of the R2T4 calculation and gross loan amounts in Step 6 of the R2T4 calculation. Finally, DSU did not always include all institutional charges incurred by the student in Step 5 of the R2T4 calculation.

The Department identified three students in the program review sample (2, 10 and 19) with an R2T4 calculation error. In addition to the initial sample, the Department requested 10 additional withdrawn students in the 2015-2016 award year and five additional withdrawn students in the 2016-2017 award year. The calculation errors identified were systemic in nature (incorrect calculation of excluded break days and gross rather than net loan disbursement amounts).

Detailed information regarding the students in the program review sample and a portion of the additional students reviewed with an R2T4 calculation error is presented below. The identifiers and student names are included in Appendix A.

**Student 2:** This student withdrew during the fall 2015 semester. DSU contacted professors by e-mail to obtain the last date of attendance for the students that unofficially withdrew. DSU used a Last Date of Attendance (LDA) of 10/10/2015 for this student, however, documentation obtained from DSU staff clearly indicated that this student withdrew from one of her courses on 10/14/2015 rather than 10/10/2015, and DSU should have used the 10/14/2015 date. In addition, DSU excluded only five days from the days in the payment period for the fall break. The excluded days should have included the weekend prior to the break and the weekend after the break (nine total days). Finally, DSU listed gross rather than net loan disbursements.

**Student 10:** This student withdrew during the spring 2016 semester. DSU excluded only five days from the days in the payment period for the fall break rather than also including the weekend prior to the break and the weekend after the break (nine total days). In addition, DSU used gross rather than net loan disbursements in the R2T4 calculation.

**Student 19:** This student withdrew during the fall 2016 semester on 10/19/2016. DSU excluded only five days from the days in the payment period for the fall break rather than also including the weekend prior to the break and the weekend after the break (nine total days). In addition, DSU listed gross rather than net loan disbursements.

**Extra 1:** This student withdrew during the Spring 2016 semester. DSU excluded only five days from the days in the payment period for the spring break. The excluded days should have included the weekend prior to the break and the weekend after the break (nine total days). In addition, DSU listed gross rather than net loan disbursements.

**Extra 2:** This student withdrew during the Spring 2016 semester. DSU excluded only five days from the days in the payment period for the spring break. The excluded days should have included the weekend prior to the break and the weekend after the break (nine total days). In addition, DSU listed gross rather than net loan disbursements. Finally, the return was limited to the Unsubsidized Direct loan. The R2T4 worksheet shows a split return (\$1,000 Unsubsidized and \$552 Subsidized).

**Extra 3:** This student withdrew during the Fall 2016 semester. DSU excluded only five days from the days in the payment period for the fall break. The excluded days should have included the weekend prior to the break and the weekend after the break (nine total days). In addition, DSU listed gross rather than net loan disbursements.

#### **Directive from PRR:**

Based upon the systemic nature of this finding, DSU was required to conduct a 100% file review for students who withdrew (officially or unofficially) during the 2015-2016 and 2016-2017 award year (including students identified in Program Review Sample). DSU was required to determine if the return calculation was correct and/or missing for each withdrawn student. The results of the file review were required to be reported to the Department as part of DSU's Program Review Report Response. In addition, DSU was required to submit a revised Return Policy and Procedure to the Department for review.

#### **Analysis of Liability Determination:**

The Program Review Report Response was received by the Department on September 12, 2017. DSU concurred with the finding and stated that the institution has enhanced its procedures to include detailed step by step instructions to ensure accurate return determinations.

The file review results were reviewed by the Department for accuracy. DSU failed to include the spring and summer semester of 2017 in the file review. The Department requested the additional review on October 18, 2018. The additional review was completed and sent to the Department in the institution's November 2, 2018 response.

The Department reviewed the results of the complete file review conducted by DSU in response to this finding. The return calculations were corrected (if necessary) and the Return Policy and Procedures were revised to meet regulatory requirements. The students that were determined to have had inaccurate return calculations are listed in Appendices G and H.

Liability totals for ineligible Pell, FSEOG and Direct Loan disbursements are presented in the table below. In addition to the ineligible Pell, FSEOG and Direct Loan awards, DSU is also required to repay the COF on the ineligible Federal Pell Grant, FSEOG and Direct Loan disbursements. The COF is the expense the Department incurred as a result of DSU retaining ineligible funds. The COF rate is based on when the funds should have been returned to the Department. The COF is calculated through the date of the Program Review Report (April 18, 2017). A copy of the COF calculation is included in Appendices I and J.

Title IV Program – Award Year	Principal Liability	Cost of Funds Liability	Total Liability
Pell 2015-2016	\$71.48	\$ .79	\$72.27
Pell 2016-2017	\$2,619.80	\$ .38	\$2,620.18
FSEOG 2016-2017	\$413.55	\$0	\$413.55
Direct Loan 2015 – 2016	\$10,930.00	\$114.00	\$11,044
Direct Loan 2016 – 2017	\$28,929.00	\$12.00	\$28,941.00
Total	\$42,963.83	\$127.17	\$43,091.00

DSU received a waiver for the FSEOG and FWS matching requirement for the 2015-2016 and 2016-2017 award years. The liability total is 100% federal share.

A full accounting of the total liability will be discussed in the Summary of Liabilities section of the report. Instructions for repayment of this liability are included in the Payment Instructions section of this report.

#### **Finding 4: Community Service Requirement for Federal Work Study (FWS) Not Met**

##### **Summary of Noncompliance:**

For the 2000-2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one -

Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or

Family literacy project that employs one or more FWS students in family literacy activities.

The Secretary may waive the requirements in paragraph (g)(1) of this section if the Secretary determines that an institution has demonstrated that enforcing the requirements in paragraph (g)(1) of this section would cause a hardship for students at the institution.

34 C.F.R. § 675.18 (g)

Community services are defined as services that are identified by an institution of higher education through formal or informal consultation with local nonprofit, government, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs.

These services include such fields as health care, child care, literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, community improvement, and emergency preparedness and response;

- work in service opportunities or youth corps under AmeriCorps, and service in the agencies, institutions, and activities described later;
- support services for students with disabilities (including students with disabilities who are enrolled at the school); and
- activities in which an FWS student serves as a mentor for such purposes as tutoring (see Employing FWS students as tutors later in this chapter), supporting educational and **recreational activities**, and counseling, including career counseling.

To be considered employed in a community service job for FWS purposes, an FWS student does not have to provide a “direct” service. The student must provide services that are designed to improve the quality of life for community residents or to solve particular problems related to those residents’ needs. A school may use its discretion to determine what jobs provide service to the community, within the guidelines provided by the statute, regulations, and the Department. Note that there is a model need assessment at the end of this chapter that can be used with community service agencies.

There is no restriction as to whether these jobs must be on or off campus. However, a university or college is not considered a community for the purposes of the FWS community service requirements. On-campus jobs can meet the definition of community services, provided the services are designed to improve the quality of life for community residents, or to solve problems related to their needs and that they meet the regulatory and statutory provisions pertaining to the applicable FWS employment limitations and conditions.



There are two community service expenditure requirements that a school must meet.

1. A school must use at least 7% of its FWS federal allocation for an award year to pay the federal share of wages to students employed in community service jobs for that year.
2. In meeting the 7% community service requirement, one or more of the school's FWS students must be employed as a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project.

**A school that fails to meet one or both of these FWS community service requirements will be required to return FWS federal funds in an amount that represents the difference between the amount a school should have spent for community service and the amount it actually spent.** Further, a school that is not compliant with the FWS community service requirements may be subject to a Limitation, Suspension, and Termination (L, S, and T) proceeding, through which the school could be denied future participation in the FWS Program and possibly other FSA programs and/or subject to a substantial fine.

A school may request a waiver of either of these requirements by the annual deadline. The school should include detailed information that demonstrates that the requirement would cause a hardship for students at the school. See the section later in this chapter for more information on waivers.

The 2015-2016 FSA Handbook, Volume 6, Chapter 2, Page 55

DSU did not use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2014-2015 and 2015-2016 award years to compensate students employed in community service activities. In 2014-2015, DSU expended 3.2 percent. In 2015-2016, DSU expended 1.5 percent. In addition, DSU did not have a waiver of the community service requirement for the award years reviewed.

**Directive from PRR:**

The PRR required DSU to complete the following -

1. Update its FWS Policy/Procedures to prevent future instances of this finding. DSU was required to forward a revised FWS Policy/Procedure document to the Department for review.
2. Return FWS federal funds in an amount that represents the difference between the amount DSU should have spent for community service and the amount it actually spent.

### **Analysis of Liability Determination:**

DSU submitted its response to this finding on September 12, 2017. DSU concurred with the finding and stated that the institution under reported its FWS community service earnings. DSU's allocation, required expenditure and amount paid for the two awards years reviewed were as follows:

Award Year	Federal Allocation	Required Community Service Expenditure	Total FWS Wages Paid to Student Employed in Community Based Positions	Difference Between Required and Actual Expenditure	Cost of Funds (COF)
2014-2015	\$377,071.00	\$26,395.00	\$12,127.00	\$14,268.00	\$183.84
2015-2016	\$377,071.00	\$26,395.00	\$5,496	\$20,899.00	\$112.09

DSU is liable for the difference between the required community service expenditure (7% of allocated federal funds) and the amount actually spent on community service FWS positions.

DSU is also required to repay the Cost of Funds (COF) on the difference between required and actual community services FWS wages. The COF is the expense the Department incurred as a result of DSU not meeting the requirement. The COF rate is based on when the funds should have been spent for FWS wages. The COF is calculated through the date of the Program Review Report (April 18, 2017). A copy of the COF calculation is included in Appendix K.

The Fiscal Operations Report and Application to Participate (FISAP) filed for the above award years must be adjusted to report the correct amounts paid for community service in the 2014-2015 and 2015-2016 award years. Instructions for repayment of this liability are included in the Payment Instructions section of this report.

### **Finding 5: Pell Over Award**

#### **Summary of Noncompliance:**

The amount of a student's Federal Pell Grant for the academic year is based upon the payment and disbursement schedules published by the Secretary for each academic year. 34 C.F.R. § 690.62 (a).

The Federal Pell Grant for a payment period, *i.e.*, an academic term, for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or trimesters or in three quarters as described in paragraph (a)(1)(ii)(A) of this section, is calculated by -

Determining his or her enrollment status for the term;

Based upon that enrollment status, determining his or her annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students. 34 C.F.R. § 690.63 (b)(1)(2).

Student 8 from the program review sample was enrolled three quarter time (9 hours) during the fall 2015 semester. The student's Estimated Family Contribution (EFC) for the 2015-2016 year was 0. DSU disbursed Pell as a fulltime student (\$2,165.50 on 8/12/2015 and \$722 on 9/22/2015). A reversal of \$722 was made on 8/14/2016 but the reversal was negated by an identical credit on 8/17/2016 (\$722). The student was over awarded Pell in the amount of \$722.

**Directive from PRR:**

The PRR required DSU to complete the following -

1. Update its Awarding Policy/Procedures to prevent future instances of this finding. DSU was required to forward a revised Awarding Policy/Procedure document to the Department for review.
2. Return the over awarded Pell Grant funds (\$722) to the Department.

**Analysis of Liability Determination:**

DSU submitted its response to this finding on September 12, 2017. DSU concurred with the finding and stated that the institution over awarded Pell for the cited student.

DSU is required to repay the COF on the \$722 Pell over award (\$11.36). The COF is the expense the Department incurred as a result of DSU not accurately awarding Pell. The COF rate is based on when the funds should have been returned to the Department. The COF is calculated through the date of the Program Review Report (April 18, 2017). A copy of the COF calculation is included in Appendix L.

**Campus Safety and Security Findings**

The following program review findings 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 10: Drug and Alcohol Abuse Prevention Program 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, each IHE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

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 and ordinances 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 alcohol abuse;
4. A description of any drug or alcohol counseling, treatment, and rehabilitation/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.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the IHE and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

DSU violated multiple requirements of the DFSCA. Specifically, the institution failed to develop and implement a comprehensive drug and alcohol abuse prevention program (DAAPP), and to publish a materially complete disclosure that summarizes the plan. As a result of these failures, DSU also violated DFSCA's annual DAAPP disclosure distribution requirement by failing to deliver program information to all employees and students who are enrolled for any academic credit each year.

As a direct consequence of the violations described above, the University also failed to conduct a biennial review of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and, by logical extension therefore, also failed to produce a biennial review report of findings and recommendations for improvement.

Failure to comply with the DFSCA's DAAPP requirements deprives students of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the biennial review requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime at DSU.

**Directive from PRR:**

DSU was required to take all necessary corrective actions to resolve these violations. At a minimum, these actions included:

- \* Developing and implementing a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations and publishing a materially complete disclosure that summarized the program;
- \* Developing procedures for ensuring that the DAAPP program disclosure is distributed to all employees and all students enrolled for academic credit on an annual basis. DSU was required to provide a draft copy of its DAAPP disclosure and new distribution policy with its response to this Program Review Report. Once the materials are approved by the Department, the University was required 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 as required. This certification was also required to affirm that DSU understands all of its DFSCA obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.
- \* Conducting a substantive biennial review to assess the effectiveness of its DAAPP. DSU was required to describe the research methods (both quantitative and qualitative) and data analysis tools that it used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conduct the biennial review. Finally, the biennial review report was required to be approved by the University's Chief Executive and/or its Board. The biennial review was to be completed by July 1, 2017.
- \* DSU was required to establish policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. The University is also required to take all other necessary action to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the DFSCA that, by their nature, cannot be cured. There was no way to truly “correct” violations of this type once they occurred. The institution was given an opportunity to implement a substantive DAAPP, publish and distribute an accurate and complete DAAPP disclosure, conduct a biennial review, and to otherwise bring operations into compliance with the DFSCA, as required by its PPA. However, DSU is advised that these remedial measures cannot and do not diminish the seriousness of these violations, nor did they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

**DSU’s Response:**

In its official response, dated September 12, 2017, DSU concurred with the finding, stating that it had taken remedial action as directed in the Program Review Report (PRR). In support of its claims, the University submitted a revised 2017 DAAPP, as well as a 2017 Biennial Review Report (included within the 2017 DAAPP).

**Final Determination:**

Finding 10 from the PRR cited DSU for violations of the DFSCA and Part 86 of the Department’s General Administrative Regulations. Specifically, DSU failed to develop and implement a comprehensive 2016 DAAPP that included all required components. As a result of these violations, DSU was required to develop and implement a comprehensive 2017 DAAPP, produce and distribute an accurate and complete annual disclosure, and provide a biennial review of DSU’s DAAPP. In its response, the University concurred with the finding and described its initial remedial actions. DSU also submitted documents (i.e., its revised 2017 DAAPP) in support of its claims.

The Department carefully examined DSU’s narrative response and supporting documentation. The review team’s examination showed that the identified violations were, for the most part, satisfactorily addressed by the University’s response, its revised 2017 DAAPP, its new annual disclosure, its new internal policies and procedures, and its 2017 Biennial Review Report. Based on the Department’s review and DSU’s admission of noncompliance, the violations identified in the initial finding are sustained. The Department also determined that the University’s remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this Program Review. Nevertheless, the officials and directors of DSU are put on notice that the University must take all other action that may be necessary to address the deficiencies and weaknesses identified by the Department, as well as those that were detected during the preparation of the response to the Department’s report and as may otherwise be needed to ensure that these violations do not recur. In this regard, DSU officials are advised that the University must continue to develop its DAAPP and take definitive steps to regularly test its effectiveness, especially according to the results of the institution’s Biennial Review analysis. Although this finding is now



closed, DSU is reminded that the exceptions identified above constitute serious and persistent 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. DSU asserted that it has taken adequate remedial actions, and that, by doing so, has taken steps to finally comply with the DFSCA as required by its Program Participation Agreement (PPA). Notwithstanding the remedial efforts taken thus far, DSU officials must understand that compliance with the DFSCA is essential to maintaining a safe and healthy learning environment. Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. DFSCA violations deprive students and employees of important information regarding the negative consequences of drug and alcohol abuse and deprive institutions of important information about the effectiveness of any drug and alcohol abuse prevention policies or programs that may have been in place during the review period. For these reasons, DSU 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 additional remedial measures as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that DSU 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 the DFSCA. Furthermore, the updating of DAAPP policies and procedures after an effective biennial review is essential for the positive evolution of the DFSCA. Please be advised that the Department may request information on a periodic basis to test the effectiveness of the University’s new policies and procedures.

#### **Finding 11: Crime Awareness Requirements Not Met**

##### **Summary of Noncompliance:**

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) and the Department’s regulations require that all institutions that receive Title IV, HEA 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 described in 34 C.F.R. §668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery or campus mail distribution to the individual, or posting 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 that includes a statement of the report’s availability and 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). The

Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the ASR's availability, its contents, and its exact electronic address if posted to a website. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. §668.41(e)(4).

The Clery Act and the Department's regulations require institutions to include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), sex offenses (rape, fondling, incest and statutory rape), robbery, aggravated assault, burglary, motor vehicle theft, and arson. Statistics for certain hate 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; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1). When applicable, an institution must also compile and publish crime statistic disclosures for each of its campuses. 34 C.F.R. §668.41 (e)(4).

Several policy statements must be included in the ASR. 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 required to disclose alcohol and drug policies and educational programs, as well as policies pertaining to sexual assault education, prevention, and adjudication. Institutions must also provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. All required statistics and policies must be included in a single comprehensive document, known as an 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 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 (OPE) "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. §668.41(e)(5).

DSU violated multiple provisions of the Clery Act. The most serious of these violations pertain to the institution's persistent failure to prepare, publish, and distribute a materially complete ASR. DSU's 2015 and 2016 ASRs did not include the following required distribution, notification and statistical disclosures/policy statements:

- Did not distribute the 2015 ASR – late notification for 2016 ASR (10/12/2016)

- Crime prevention programs inadequate
- VAWA - prevention awareness program not developed/conducted
- No link for a registry of sex offenders
- DSU combined the Fire Safety Report with the ASR. It did not, however, clearly title the report such that the reader is notified that the report contains both the ASR and the Fire Safety Report.
- The policies/programs for fire safety education and training programs for students, faculty and staff were missing.

Failure to publish accurate and complete ASRs in accordance with Federal regulations indicates a lack of administrative capability and deprives the campus community of important security information that can empower its members to be informed and to play more active roles in their own safety and security.

**Directive from PRR:**

As a result of these violations, DSU was required to review and revise its policies and procedures regarding the preparation, publication, and distribution of its ASR to ensure that all aspects of the ASR process are carried out in accordance with the Clery Act. Using its new and revised policies as a guide, DSU was required to prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. §668.46(b). In addition, the University was required to actively distribute its new ASR to all current students and employees in accordance with 34 C.F.R. §668.41(e). A copy of the University's new and revised policies and procedures, and its revised ASR, was required in its response to this PRR.

Based on the time in the calendar year, the October 1, 2017 distribution requirements were not yet upon us; therefore, in response to this finding, DSU was required to provide a copy of an accurate and complete 2016 ASR. The College was also required to submit a copy of the new and revised policies and procedures as part of its response to the Program Review Report. The ASR(s) must contain all of the statistical, policy, procedure and programmatic disclosures required under 34 C.F.R. §668.46(b). In addition, DSU was required to provide documentation to the Department evidencing the distribution, along with a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act C.F.R. §668.41(e). This certification was required to affirm that the institution understands 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. DSU was given an opportunity to address the violations identified above. In doing so, the institution took the first steps toward compliance with the Clery Act and the terms and conditions of its PPA. However, DSU is advised that these remedial measures cannot and do not diminish the seriousness of these violations, nor

do they eliminate the possibility 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 DSU's response, the Department will determine if additional actions will be required to address the listed violations.

**DSU's Response:**

In its official response, dated September 12, 2017, DSU management concurred with the finding, stating that it had taken remedial action as directed in the PRR. Per that response, the University established a task force to develop and implement internal policies and procedures to govern the production and distribution of its ASRs. In support of its claims, DSU submitted a copy of its revised 2016 ASR on September 7, 2017.

**Final Determination:**

DSU was cited for multiple violations of the Clery Act and the Department's regulations as outlined in the Noncompliance section above. Specifically, the review team found that the University failed to produce materially complete ASRs in 2015 and 2016. Information developed during the review indicated that this condition has persisted for many years, possibly back to the enactment of the Clery Act in the 1990 and the inception of the ASR requirement in 1992.

As a result of the violations, DSU was required to take all necessary remedial action to ensure that the 2016 ASR contained all of the required content and ensure that the report was actively distributed to all enrolled students and current employees by the regulatory deadline date. In addition, DSU was required to ensure that prospective students and employees were provided a conspicuous notice of availability about the ASR and ensure that the contents of that notice conform to the distribution requirements prescribed by the Clery Act.

The Department carefully examined DSU's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the University's response and its revised 2016 ASR, new annual disclosure, and its new internal policies and procedures. Based on the Department's review and DSU's admission of noncompliance, the violations identified in the initial finding are sustained. The Department also determined that the University's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this Program Review. Nevertheless, the officials and directors of DSU are put on notice that the University must take all other action that may be necessary to address the deficiencies and weaknesses identified by the Department, as well as those that were detected during the preparation of the response to the Department's report and as may otherwise be needed to ensure that these violations do not recur.

DSU is, once again, reminded that the exceptions identified above constitute serious violations of the Clery Act that, by their nature, cannot be cured. There is no way to truly “correct” violations of this type once they occur. The requirement to develop and implement a comprehensive public safety and crime prevention program, and to publish and distribute a materially-complete ASR that contains accurate and complete campus crime statistics and campus safety policies and procedures, are fundamental goals of the Clery Act. DSU asserted that it has taken adequate remedial actions, and that, by doing so, is now in compliance with the Clery Act as required by its PPA. Nevertheless, DSU is advised that its remedial actions 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 serious consequences of the compliance failure, the Department strongly recommends that DSU officials re-examine its campus security, drug and alcohol, 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, DSU 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 online at: [www2.ed.gov/admins/lead/safety/handbook.pdf](http://www2.ed.gov/admins/lead/safety/handbook.pdf). The Department also provides a number of other Clery Act training resources. The University can access these materials at: [www2.ed.gov/admins/lead/safety/campus.html](http://www2.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, 668.46, and 668.49.

Finally, DSU officials are reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the Clery Act to require institutions to compile and disclose statistics for incidents of sexual assault, dating violence, domestic violence, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention, response, and adjudication in their ASRs. The Department issued Final Rules on the VAWA amendments on October 20, 2014, and, therefore, these regulations went into effect on July 1, 2015, per the Department’s Master Calendar. In light of the violations documented above, DSU is advised that it must bring its sexual assault prevention and response policies, procedures, and programs up to the standard required by VAWA now. DSU officials may access the text of the Final Rule

at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

#### **D. Summary of Liabilities**

The total liabilities by Finding and Title IV program are as follows (no duplicate liabilities across findings):



Findings	Pell	Direct Loan Subsidized - Unsubsidized - PLUS	Cost of Funds (COF) by Program	Estimated Actual Loss (EL)
Finding 2 2015-2016	\$176,045.50		\$2,458.57 - Pell \$11.81 - FSEOG	\$46,889.03
Finding 3 2015 - 2016	\$71.48	\$10,930	\$.79 – Pell \$114.00 – Direct Loan	
Finding 3 2016 - 2017	\$2,619.80	\$28,929	\$.38 - Pell \$12.00 – Direct Loan	
Finding 4 2014 - 2015			\$183.84 – FWS	
Finding 4 2015 - 2016			\$112.09 - FWS	
Finding 5 2015 - 2016	\$722		\$11.36	
Totals	\$179,458.78	\$39,859	\$2,904.84	\$46,889.03

**Total: \$269,111.65**

**In Addition:**

\$35,167 in FWS liability from Finding 4 is discussed in the payment Instructions section below. The FWS liability has been removed from the total. The liability will be assessed from the FISAP adjustment.

\$1,600 in FSEOG liability from Finding 2 is discussed in the payment Instructions section below. The FSEOG liability has been removed from the total. The liability will be assessed from the FISAP adjustment.

\$413.55 in FSEOG liability from Finding 3 is discussed in the payment Instructions section below. The FSEOG liability has been removed from the total. The liability will be assessed from the FISAP adjustment.



### **E. Payment Instructions**

DSU owes **\$269,111.65** to the Department. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. DSU must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If DSU bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a Program Review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

**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 and the COD Adjustment Instructions below. Upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).**

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

### **Terms of Payment**

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. DSU 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 DSU's 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, DSU 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 DSU from the Federal Government. **DSU may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, DSU 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.

#### **Direct Loan - Closed Award Years**

##### **Finding: 3**

##### **Appendices: G and H**

DSU must repay the following Direct Loan liabilities:

<b>DL Closed Award Year</b>		
<b>Amount (Principal)</b>	<b>Amount (Interest)</b>	<b>Award Year</b>
\$10,930	\$114	2015-2016
\$28,929	\$12	2016-2017
<b>Total principal</b>	<b>Total Interest</b>	
\$39,859	\$126	

The disbursement record for each student identified in Appendices G and H listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in these appendices. A copy of the adjustment to each student's COD record must be sent to Jon Finkelstein 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, DSU 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).

### **Pell - Closed Award Years**

**Findings: 2, 3, and 5**

**Appendices: D, G, and H**

DSU must repay:

<b>Pell Closed Award Year</b>		
<b>Amount (Principal)</b>	<b>Amount (Interest)</b>	<b>Award Year</b>
\$176,838.98	\$2,459.36	2015-2016
\$2,619.80	\$11.36	2016-2017
Total principal	Total Interest	
\$179,458.78	\$2,471.10	

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

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 FEDWIRE, 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 Jon Finkelstein within 45 days of the date of this letter.

### **Campus Based Programs**

#### **Finding 4**

#### **Appendix K**

DSU must return \$14,268 in FWS funds (2014-2015), \$20,899 in FWS funds (2015-2016), \$1,600 in FSEOG funds (2015-2016) and \$413.55 in FSEOG funds (2016-2017) utilizing the FISAP correction process. Depending on the results of the FISAP correction process, DSU will be required to return some or all of the liabilities via G5 in accordance with the fifth bullet point of the instructions below:

DSU must make corrections to its FISAP for the 2014-2015 and 2015-2016 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.

- DSU 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 - (201720429559).
- DSU'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, DSU 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 de-obligation (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.

DSU must submit proof of the FISAP corrections and payment via G5 for any unprocessed de-obligation to Jon Finkelstein, within 45 days of the date of this letter.

Prepared for  
**Delta State University**

**Federal Student**  
AID

PROUD SPONSOR of  
the AMERICAN MIND

**OPE ID 00240300**  
**PRCN 201720429559**

**Prepared by**  
**U.S. Department of Education**  
**Federal Student Aid**  
**School Participation Division - Atlanta**

## **Program Review Report**

**April 18, 2017**

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**A. Institutional Information**

Delta State University  
Highway 8 West  
Ken Wyatt Hall  
Cleveland, Mississippi 38733-0000

Type: Public

Highest Level of Offering: Doctorate

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 3311 (2016-2017)

% of Students Receiving Title IV: 55.03% (2016-2017)

Title IV, HEA Program Participation Postsecondary Education Participants System (PEPS):

	2015-2016
Federal Direct Loan Program (FDLP)	\$ 18,210,298
Federal Pell Grant Program	\$ 5,575,216
Federal Work Study Program	\$ 359,018
Federal Perkins Loan Program	\$ 100,450
Federal Supplemental Educational Opportunity Grant	\$ 92,096
Total:	\$ 24,337,028

Default Rate FFEL/DL:      2013 – 9.5%  
   2012 – 10.3%  
   2011 – 12.1%

Default Rate Perkins:      2015 – 22.5%  
   2014 – 25.0%  
   2013 – 7.2%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Delta State University (DSU) from February 27, 2017 to March 3, 2017. The review was conducted by Jon Finkelstein and Maurice White.

The focus of the review was to determine DSU'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 DSU'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 2016 and 2017 (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, 10 files were selected for students who withdrew during the 2015-2016 award year and 5 files were selected for students that withdrew during the 2016-2017 award year. Appendices A lists the names 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 DSU'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 DSU 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 DSU to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding 1: Title IV Aid Disbursed for Students Not Accepted into a Title IV Eligible Program**

**Citation:** 34 C.F.R. § 668.32 (a)(1)(i) states a student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution.

The 2015 - 2016 Federal Student Aid Handbook, Volume 1, Chapter 1, page 3 states a person must be enrolled as a *regular student* in an eligible program in order to receive FSA funds (exceptions are discussed later in this chapter). A regular student is someone who is enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certificate offered by the school.

A school must document a student's enrollment in an eligible program at the time of admission, and it must have a system to notify the financial aid office if the student leaves the program. It must also document that an aid recipient is a regular student.

The 2015 - 2016 Federal Student Aid Handbook, Volume 1, Chapter 1, page 4 states a student not enrolled in a degree or certificate program is eligible for Stafford and PLUS loans for up to one year if she is taking coursework necessary for enrollment in an eligible program.

The 2015 - 2016 Federal Student Aid Handbook, Volume 3, Chapter 5, page 93, states, secondly, a student enrolled in preparatory coursework has an annual loan limit of \$2,625 if the student is taking coursework in preparation for enrollment at the undergraduate level, and an annual loan limit of \$5,500 if taking coursework in preparation for enrollment at the graduate level (see "Direct Loan limits for preparatory coursework & teacher certification" chart later in this chapter).

**Noncompliance:** Research conducted during the program review indicated that DSU offers a "Pre Nursing" designation for students who were taking pre requisite courses in anticipation of entry into the Bachelor of Science in Nursing program. The "Pre" classification is used as a temporary placement while the student took the required pre requisite courses (63 total hours). Students placed in the "Pre Nursing" classification are not eligible for Title IV aid per the conditions discussed in the citation section of this finding.

**Required Action:** Given the systemic nature of this finding, DSU must conduct a 100% file review for Pre-Nursing students who received Title IV aid for the 2015 - 2016 and 2016 - 2017 award years and were **not** admitted into a degree/certificate seeking program. Ineligible aid received prior to the award yards being reviewed (2013-2014 and 2014-2015) must also be included. The results of the file review must be reported to the Department as part of DSU's Program Review Report Response.

The results of this review must be provided in Excel or a similar spreadsheet format (separated by award year) and contain the following fields:

1. Student's Name
2. Student's SSN
3. Student Enrolled in Degree/Certificate Seeking Program (Yes/No)
4. If No, Ineligible Title IV Aid Disbursed by Program and Term
5. Comments

Please send the file review summary reports (spreadsheets) to Jon Finkelstein by e-mail at [jon.finkelstein@ed.gov](mailto:jon.finkelstein@ed.gov). See the enclosure – protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. Please present a separate e-mail with an access password to Jon Finkelstein.

In its response to this Program Review Report, DSU must submit a copy of its revised Awarding Policy/Procedures document that clearly addresses the issue discussed in the noncompliance section of this finding.

**Finding 2: Ineligible Student – Mitigating Circumstances Not Demonstrated In Satisfactory Academic Progress (SAP) Appeal**

**Citation:** 34 C.F.R. § 668.34 (a)(9) states if the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes—

- (i) How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs;
- (ii) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
- (iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation.

**Noncompliance:** DSU's SAP policy includes the following -

"All students have the right to appeal decisions regarding holds/suspensions of financial assistance. A student may file an appeal by completing a Request for Reinstatement of Financial Aid form with appropriate documentation. Requests for reinstatement should be submitted at least ten (10) working days prior to the last day to register. All requests will be reviewed within ten working days of submission to the SFA office provided they are properly completed and documented.

Students who are denied reinstatement of financial aid funds may be reinstated to good standing for financial aid purposes as soon as they are once again making satisfactory progress as outlined in this policy. Those students who attempt to reinstate eligibility after being denied must do so without benefit of financial assistance from any of the Title IV funds and must improve their standing while attending Delta State unless otherwise advised by the DSU Financial Aid staff/director."

The reviewers identified the following students from the sample who had approved SAP appeals that did not demonstrate mitigating circumstances.

**Student 4:** This student began her enrollment in the fall of 2014 as a Family and Consumer Sciences student. The student transferred 60 hours of credit from other institutions. She began her studies in a junior status at DSU. At the conclusion of the spring 2015 semester, the student was not making SAP (GPA). The student was placed on suspension and appealed for the fall 2015 semester. The appeal was approved. The student's appeal listed the following circumstances as the reason for her failure to maintain SAP.

*"I didn't get my GPA up for the spring semester. I received a 1.88."*

The student did not present mitigating circumstances in her SAP appeal. As such, the appeal should not have been approved. The student was not eligible for aid during the fall 2015 semester. The student received \$2,887.50 in Pell, \$2,721 in Subsidized Direct Loan and \$3,463 in Unsubsidized Direct Loan.

The student brought her GPA up after the fall 2015 semester and regained Title IV eligibility.

**Student 6:** This student began his enrollment in the fall of 2014 as a Marketing student. The student's transcript indicated that the student was not making SAP at the conclusion of the fall 2014 semester. DSU's SAP policy places students on financial aid suspension after the first semester if the student's grade point average is less than 1.0. The student was placed on suspension and appealed for the spring 2015 semester. The appeal was approved. The student's appeal listed the following circumstances as the reason for his failure to maintain SAP.

*"The reason for my academic progress to be less than par this semester is simply due to the fact that I had no idea what to expect going into college. I wasn't aware how important it was to be at every class or turning in every assignment. Getting into the "learning groove" was difficult for me. By the time I actually figured out how everything worked, my grades had already suffered for me more than I could help."*

The student did not present mitigating circumstances in his SAP appeal. As such, the appeal should not have been approved. The student was not eligible for aid during the spring 2015 semester. The student received \$1,140 in Pell, \$1,732 in Subsidized Direct Loan and \$990 in Unsubsidized Direct Loan.

DSU stated that the student earned a 2.0 GPA during the spring 2015 semester. As such, DSU staff continued his probation status to the fall 2015 semester. The student's cumulative grade point average after the spring 2015 semester was below DSU's qualitative standard. As such, the student was not eligible for the Title IV aid disbursed during the fall 2015 semester. The student received \$862.50 in Pell, \$1,732 in Subsidized Direct Loan and \$990 in Unsubsidized Direct Loan during the fall 2015 semester.

**Student 27:** This student began his enrollment in the fall of 2016 as a Computer Information Systems student. At the conclusion of the fall 2016 semester, the student was not making SAP (GPA and Percentage Completion). The student was placed on suspension and appealed



for the spring 2017 semester. The appeal was approved. The student's appeal listed the following circumstances as the reason for his failure to maintain SAP.

*"The reason I was unable to maintain satisfactory academic progress was because I missed more than the allotted amount of days allowed to be missed by state law. I did not intentionally miss too many days. I wasn't responsible and did not keep track of how many days I had missed."*

The student did not present mitigating circumstances in his SAP appeal. As such, the appeal should not have been approved. The student was not eligible for aid during the spring 2017 semester. The student received \$2,832.50 in Pell, \$1,732 in Subsidized Direct Loan, \$990 in Unsubsidized Direct Loan and \$2,154 in Direct PLUS loan during the spring 2017 semester.

**Required Action:** Based upon the error rate of this finding, DSU must conduct a 100% file review for students who submitted a Financial Aid Appeal Form during the 2015-2016 award year (including students identified in Program Review Sample). DSU must determine if the SAP appeal provided mitigating circumstances to substantiate the student's failure to maintain SAP. The results of the file review must be reported to the Department as part of DSU's Program Review Report Response. The results of this review must be provided in Excel or a similar spreadsheet format and contain the following fields:

1. Student's Name
2. Student's SSN
3. SAP Not Met (Qualitative/Quantitative/Maximum Time Frame)
4. SAP Appeal Approved (Y/N)
5. If Yes – Acceptable Mitigating Circumstances Provided By Student (Y/N)
6. If No – Brief Description of Student's Rationale for Failure to Meet SAP
7. If No - Title IV Aid Disbursed After Approved Appeal by Program and Term

In lieu of performing a file review for the entire population of students who received an approved SAP appeal but did not provide adequate mitigating circumstances, DSU has the option of performing this file review for only the remainder of the statistical sample not tested by the Department during the program review. The results from this file review using the statistical sample will be used to project liabilities for the entire population (i.e., the average liability for the recipients in the statistical sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review.

If DSU wishes to select this option, the Department will send by e-mail a spreadsheet containing the statistical sample for award year 2015-2016. A file review must be performed for all students on the statistical sample listing including those included in Appendix A of this Program Review Report.

If DSU elects to do the full file review, it is recommended that DSU first review the remainder of the students in the statistical sample. At that point, DSU may decide to accept a liability projection instead of continuing with a full file review.

Please send the file review summary reports (spreadsheets) to Jon Finkelstein by e-mail at [jon.finkelstein@ed.gov](mailto:jon.finkelstein@ed.gov). See the enclosure – protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. Please present a separate e-mail with an access password to Jon Finkelstein. In addition, please maintain supporting documentation regarding each reviewed student in lieu of a supplemental review by the Department.

DSU will be liable for any additional Title IV, HEA funds owed as a result of SAP appeals approved without adequate mitigating circumstances. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

### **Finding 3: Return to Title IV (R2T4) Calculation Errors**

**Citation:** 34 C.F.R. § 668.22 (a) states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

34 C.F.R. § 668.22 (e)(2) states the percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date.

34 C.F.R. § 668.22 (f) states for purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined—

(i) In the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date.

34 C.F.R. § 668.22 (f)(2)(i) states 2)(i) the total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

The 2015-2016 Student Aid Handbook, Volume 5, Chapter 1, page 74 states where classes end on a Friday and do not resume until Monday following a one-week break, both weekends (four days) and the five weekdays would be excluded from the Return calculation. (The first Saturday, the day after the last class, is the first day of the break. The following Sunday, the day before

classes resume, is the last day of the break.) If classes were taught on either weekend for the programs that were subject to the scheduled break, those days would be included rather than excluded.

The 2015-2016 Student Aid Handbook, Volume 5, Chapter 1, page 41 states a school must calculate the amount of earned Title IV funds by applying a percentage to the total amount of Title IV program assistance that was disbursed and that could have been disbursed. Under Step 1 of the worksheet, a school fills in the amount of each type of Title IV aid that was disbursed and that could have been disbursed. When entering the amount of loan funds, **a school should enter the net amount disbursed and that could have been disbursed.**

34 C.F.R. § 668.22 9G) states the institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

(2) For purposes of this section, **“institutional charges” are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution.**

**Noncompliance:** DSU did not include the weekend before breaks of five days or more and the weekend after breaks of five days or more in its determination of the number of days to exclude from the payment period. DSU has a break of five days or more in both the fall and spring semesters. In addition, DSU listed the gross amount of loan proceeds in Step 1 of the R2T4 calculation and gross loan amounts in Step 6 of the R2T4 calculation. Finally, DSU did not always include **all** of the institutional charges incurred by the student in Step 5 of the R2T4 calculation.

The reviewers identified three students in the program review sample with an R2T4 calculation error. In addition to the sample, the reviewers requested 10 additional withdrawn students in the 2015-2016 award year and 5 additional withdrawn students in the 2016-2017 award year. The calculation errors identified were systemic in nature.

Detailed information regarding the students in the program review sample and a portion of the additional students reviewed (Extra) with an R2T4 calculation error is presented below. The identifiers and student names are included in Appendix A.

**Student 2:** This student withdrew during the fall 2015 semester. DSU contacts professors by e-mail to obtain the last date of attendance for students that unofficially withdraw. DSU used an

LDA of 10/10/2015 for this student. Documentation obtained from DSU staff clearly indicated that this student withdrew from one of her courses on 10/14/2015. This is the date that should have been used as the LDA. In addition, DSU excluded only five days from the days in the payment period for the fall break. The excluded days should have included the weekend prior to the break and the weekend after the break (9 total days). Finally, DSU listed gross rather than net loan disbursements.

**Student 10:** This student withdrew during the spring 2016 semester. DSU excluded only five days from the days in the payment period for the fall break. The excluded days should have included the weekend prior to the break and the weekend after the break (9 total days). In addition, DSU listed gross rather than net loan disbursements.

**Student 19:** This student withdrew during the fall 2016 semester (10/19/2016). DSU excluded only five days from the days in the payment period for the fall break. The excluded days should have included the weekend prior to the break and the weekend after the break (9 total days). In addition, DSU listed gross rather than net loan disbursements.

**Extra 1:** This student withdrew during the spring 2016 semester. DSU excluded only five days from the days in the payment period for the spring break. The excluded days should have included the weekend prior to the break and the weekend after the break (9 total days). In addition, DSU listed gross rather than net loan disbursements.

**Extra 2:** This student withdrew during the spring 2016 semester. DSU excluded only five days from the days in the payment period for the spring break. The excluded days should have included the weekend prior to the break and the weekend after the break (9 total days). In addition, DSU listed gross rather than net loan disbursements. Finally, the return was limited to the Unsubsidized Direct loan. The R2T4 worksheet shows a split return (\$1,000 Unsubsidized and \$552 Subsidized).

**Extra 3:** This student withdrew during the fall 2016 semester. DSU excluded only five days from the days in the payment period for the fall break. The excluded days should have included the weekend prior to the break and the weekend after the break (9 total days). In addition, DSU listed gross rather than net loan disbursements.

**Required Action:** Multiple systemic errors were made by DSU in administering R2T4 calculations during the 2015-2016 and 2016-2017 award years. Based upon the error rate of this finding, DSU must conduct a 100% file review of students who withdrew during the 2015-2016 and 2016-2017 award years to identify additional incorrect R2T4 calculations. DSU must identify any errors discovered in the file review (including any possible errors not discussed in the noncompliance section of this finding, e.g. arithmetic errors, incorrect institutional charges, etc.) and report the outcome to the Department as part of DSU's Program Review Report Response. The results of this review must be provided in Excel or a similar spreadsheet format and contain the following fields:

1. Student's Name
2. Student's SSN
3. Date of Withdrawal
4. R2T4 Calculation - Correct or Incorrect
5. Original Return Amounts by Program – N/A if Correct
6. Adjusted Return Amounts by Program – N/A if Correct
7. Additional Return Amounts Due by Program and Term – N/A if Correct
8. Reason for Error – N/A if Correct

Please send the file review summary reports (spreadsheets) to Jon Finkelstein by e-mail at [jon.finkelstein@ed.gov](mailto:jon.finkelstein@ed.gov). In addition, please send a copy of the student ledgers and R2T4 worksheets for all affected students. See the enclosure – Protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. Please present a separate e-mail with an access password to Jon Finkelstein.

DSU will be liable for any additional Title IV, HEA funds owed as a result of the incorrect R2T4 calculations. Payment instructions for any liability associated with this finding will be provided in the Department's Final Program Review Determination letter.

DSU must revise its R2T4 Policy/Procedures to include a clear and accountable strategy to prevent future instances of this finding. In response to this Program Review Report, DSU must submit a revised R2T4 Policy/Procedures document to the Department.

**Finding 4: Community Service Requirement for Federal Work Study (FWS) Not Met**

**Citation:** 34 C.F.R. § 675.18 (g) states for the 2000-2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one—

(i) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or

(ii) Family literacy project that employs one or more FWS students in family literacy activities.

(2) The Secretary may waive the requirements in paragraph (g)(1) of this section if the Secretary determines that an institution has demonstrated that enforcing the requirements in paragraph (g)(1) of this section would cause a hardship for students at the institution.

(3) To the extent practicable, in providing reading tutors for children under paragraph (g)(1)(i), an institution must—



(i) Give priority to the employment of students to tutor in reading in schools that are participating in a reading reform project that—

(A) Is designed to train teachers how to teach reading on the basis of scientifically-based research on reading; and

(B) Is funded under the Elementary and Secondary Education Act of 1965; and

(ii) Ensure that any student who is employed in a school participating in a reading reform project described in paragraph (g)(3)(i) of this section receives training from the employing school in the instructional practices used by the school.

(4)(i) In meeting the seven percent community service expenditure requirement in paragraph (g)(1) of this section, students may be employed to perform civic education and participation activities in projects that—

(A) Teach civics in schools;

(B) Raise awareness of government functions or resources; or

(C) Increase civic participation.

(ii) To the extent practicable, in providing civic education and participation activities under paragraph (g)(4)(i) of this section, an institution must—

(A) Give priority to the employment of students in projects that educate or train the public about evacuation, emergency response, and injury prevention strategies relating to natural disasters, acts of terrorism, and other emergency situations; and

(B) Ensure that the students receive appropriate training to carry out the educational services required.

The 2015-2016 FSA Handbook, Volume 6, Chapter 2, pages 57-58 states community services are defined as services that are identified by an institution of higher education through formal or informal consultation with local nonprofit, government, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs.

These services include:

- such fields as health care, child care, literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, community improvement, and emergency preparedness and response;



- work in service opportunities or youth corps under AmeriCorps, and service in the agencies, institutions, and activities described later;
- support services for students with disabilities (including students with disabilities who are enrolled at the school); and
- activities in which an FWS student serves as a mentor for such purposes as tutoring (see Employing FWS students as tutors later in this chapter), supporting educational and recreational activities, and counseling, including career counseling.

To be considered employed in a community service job for FWS purposes, an FWS student does not have to provide a “direct” service. The student must provide services that are designed to improve the quality of life for community residents or to solve particular problems related to those residents’ needs. A school may use its discretion to determine what jobs provide service to the community, within the guidelines provided by the statute, regulations, and the Department. Note that there is a model need assessment at the end of this chapter that can be used with community service agencies.

There is no restriction as to whether these jobs must be on or off campus. However, a university or college is not considered a community for the purposes of the FWS community service requirements. On-campus jobs can meet the definition of community services, provided the services are designed to improve the quality of life for community residents, or to solve problems related to their needs and that they meet the regulatory and statutory provisions pertaining to the applicable FWS employment limitations and conditions.

The 2015-2016 FSA Handbook, Volume 6, Chapter 2, Page 55 states there are two community service expenditure requirements that a school must meet.

1. A school must use at least 7% of its FWS federal allocation for an award year to pay the federal share of wages to students employed in community service jobs for that year.
2. In meeting the 7% community service requirement, one or more of the school’s FWS students must be employed as a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project.

**A school that fails to meet one or both of these FWS community service requirements will be required to return FWS federal funds in an amount that represents the difference between the amount a school should have spent for community service and the amount it actually spent.** Further, a school that is not compliant with the FWS community service requirements may be subject to a Limitation, Suspension, and Termination (L, S, and T) proceeding, through which the school could be denied future participation in the FWS Program and possibly other FSA programs and/or subject to a substantial fine.

A school may request a waiver of either of these requirements by the annual deadline. The school should include detailed information that demonstrates that the requirement would cause a

hardship for students at the school. See the section later in this chapter for more information on waivers.

**Noncompliance:** DSU did not use at least seven percent of the sum of its initial and supplemental FWS allocation for the 2014-2015 and 2015-2016 award years to compensate students employed in community service activities. In addition, DSU did not have a waiver of the community service requirement for the award years reviewed.

DSU's allocation, required expenditure and amount paid for the two awards years reviewed were as follows:

Award Year	Federal Allocation	Required Community Service Expenditure	Total FWS Wages Paid to Student Employed in Community Based Positions
2014-2015	\$377,071	\$26,395	\$12,127
2015-2016	\$377,071	\$26,395	\$5,496

DSU did not meet the expenditure requirement in each of the reviewed award years. The deficiency is \$14,268 for the 2014-2015 award year and \$20,899 for the 2015-2016 award year.

**Required Action:** DSU will be required to return FWS federal funds in an amount that represents the difference between the amount DSU should have spent for community service and the amount it actually spent.

DSU must update its FWS Policy/Procedures to prevent future instances of this finding. In response to the Program Review Report, DSU must forward a copy of its revised FWS policy/procedures document to the Department for review.

#### **Finding 5: Pell Overaward**

**Citation:** 34 C.F.R. § 690.62 (a) states that the amount of a student's Federal Pell Grant for the academic year is based upon the payment and disbursement schedules published by the Secretary for each academic year.

34 C.F.R. § 690.63 (b) states the Federal Pell Grant for a payment period, *i.e.*, an academic term, for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or trimesters or in three quarters as described in paragraph (a)(1)(ii)(A) of this section, is calculated by—

- (1) Determining his or her enrollment status for the term;

(2) Based upon that enrollment status, determining his or her annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students.

**Noncompliance:** Student 8 from the program review sample was enrolled three quarter time (9 hours) during the fall 2015 semester. The student's EFC for the 2015-2016 year was 0. DSU disbursed Pell as a full time student (\$2,165.50 on 8/12/2015 and \$722 on 9/22/2015). A reversal of \$722 was made on 8/14/2016 but the reversal was negated by an identical credit on 8/17/2016 (\$722). DSU did not award Pell to reflect three quarter time enrollment. The student was overawarded Pell in the amount of \$722.

**Required Action:** Title IV funds must be awarded based on a student's enrollment status. DSU will be liable for the Pell overpayment noted in the noncompliance section of this finding. Payment instructions will be included in the Department's Final Program Review Determination Letter (FPRD).

DSU must review its Pell Grant awarding procedures to determine the cause of the error. Procedures must be updated to ensure that accurate enrollment statuses are reported to COD when submitting Pell Grant disbursement records. In response to this Program Review Report, DSU must include a written update of its Pell Grant origination/disbursement policy/procedures.

**Finding 6: Direct Loan Overaward – Financial Need and Cost of Attendance (COA)**  
**Exceeded**

The 2015-2016 Student Aid Handbook, Volume 3, Chapter 2, page 33 states, "Unlike scholarship programs that may award funds based on academic merit or the student's field of study, "need-based" grants, loans, and work-study are based on the family's demonstrated financial need for assistance.

The cost of attendance (COA) is the cornerstone of establishing a student's financial need, as it sets a limit on the total aid that a student may receive for purposes of the TEACH Grant, Campus-Based programs, and Stafford/PLUS loans, and is one of the basic components of the Pell Grant."

34 C.F.R. § 668.16 (f) (1) states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution obtains and reviews—

(1) All student aid applications and **need analysis documents**, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant.

34 C.F.R. § 668.24 (c) (A) states the records that an institution must maintain in order to comply with the provisions of this section include but are not limited to—

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.

**Noncompliance:** Student 24 of the program review sample was awarded aid for the 2016-2017 award year based on a zero estimated family contribution (EFC) and a total cost of attendance (COA) of \$19,792. The student received the following need based funds - Pell, Federal Supplemental Educational Opportunity Grant (FSEOG), and Subsidized Direct Loan. On 2/6/2017, the student received the DMI Scholarship in the amount of \$375. This scholarship resulted in a total award package that exceeded the student's COA and unmet need. As a result, the student was overawarded \$147 in Subsidized Direct Loan funds.

**Required Action:** DSU must monitor the receipt of outside or institutional funds to determine if the posting of such funds results in an overaward to the students COA or unmet need. In response to this Program Review Report, DSU must forward a revised awarding policy that addresses the issue discussed in the noncompliance section of this finding.

**Finding 7: Fiscal Operations Report and Application to Participate (FISAP)**  
**Inaccurate**

**Citation:** 34 C.F.R. § 668.82 states a participating institution acts in the nature of a fiduciary in the administration of the Title IV, HEA programs. To participate in any Title IV, HEA program, the institution must at all time act with the competency and integrity necessary to qualify as a fiduciary.

(b) In the capacity of a fiduciary—

(1) A participating institution is subject to the highest standard of care and diligence in administering the programs and in accounting to the Secretary for the funds received under those programs.

(c) The failure of a participating institution to administer a Title IV, HEA program, or to account for the funds that the institution receives under that program, in accordance with the highest standard of care and diligence required of a fiduciary, constitutes grounds for—

(1) An emergency action against the institution, a fine on the institution, or the limitation, suspension, or termination of the institution's participation in that program.

34 C.F.R. § 668.16 states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately

administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

(a) Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA;

34 C.F.R. 675.19 (a) (3) states each year an institution shall submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.

**Noncompliance:** DSU has a waiver of the institutional match requirement (25% of total funds paid) for campus based funds. DSU does not, however; have a waiver of the FWS community service requirement (7% of total FWS funds spent). The FISAP report for award years 7/1/2014 through 6/30/2015 and 7/1/2015 through 6/30/2016 included data elements that did not match internal records. A detailed accounting of these discrepancies is presented below.

#### **7/1/2014 – 6/30/2015 FISAP**

Part V Section G Line 24 listed total number of FWS students employed in community service positions as 16. DSU internal documentation (BANNER - RJASEAR) showed 12 students employed in community service positions.

Part V Section G Line 27 listed total number of FWS students employed as reading tutors as 10. DSU internal documentation (BANNER - RJASEAR) showed 9 students employed as reading tutors.

Part V Section H Line 29 listed total earned compensation for FWS employed as reading tutors of children as \$18,500. DSU internal documentation (BANNER - RJASEAR) showed total funds paid of \$10,357.66.

Part V Section J Line 33 listed total number of students in civic education and participation activities as 0. DSU internal documentation (BANNER - RJASEAR) showed 1 student employed in civic education.

Part V Section J Line 35 listed total spent for students in civic education and participation activities as \$0. DSU internal documentation (BANNER - RJASEAR) showed total funds paid of \$1,769.75.

#### **7/1/2015 – 6/30/2016 FISAP**

Part IV Section C Line 12 listed total funds to FSEOG recipients as \$92,046. DSU internal documentation (BANNER - RFIBUDG) showed total funds paid of \$84,031.



Part V Line Section C Line 12 listed total funds to FWS students as \$359,018. DSU internal documentation (BANNER - RFIBUDG) showed total funds paid of \$342,342.01.

Part V Section C Line 13 listed total institutional share of earned compensation as \$17,096. DSU has a waiver of the institutional match. The amount reported on the FISAP should have been \$0.

Part V Section G Line 24 listed total number of FWS students employed in community service positions as 16. DSU internal documentation (BANNER - RJASEAR) showed 11 students employed in community service positions.

Part V Section G Line 27 listed total number of FWS students employed as reading tutors as 10. DSU internal documentation (BANNER - RJASEAR) showed 6 students employed as reading tutors.

Part V Section H Line 29 listed total earned compensation for FWS employed as reading tutors of children as \$18,500. DSU internal documentation (BANNER - RJASEAR) showed total funds paid of \$4,253.47.

Part V Section J Line 33 listed total number of students in civic education and participation activities as 0. DSU internal documentation (BANNER - RJASEAR) showed 5 students employed in civic education.

Part V Section J Line 35 listed total spent for students in civic education and participation activities as \$0. DSU internal documentation (BANNER - RJASEAR) showed total funds paid of \$1,242.65.

**Required Action:** In its response to this Program Review Report, DSU must update the 2014-2015 and 2015-2016 FISAPs to correct the FWS and FSEOG data. Revised copies of each FISAP must be submitted to the Department for review.

**Finding 8: FWS Off Campus Agreement(s) Missing**

**Citation:** The 2015-2016 Student Aid Handbook, Volume 6, Chapter 2, page 68-69 states if your school would like an off-campus organization to employ FWS students, your school must enter into a written agreement—a contract—with the off-campus organization. A written agreement is required with the off-campus organization even if your school is considered the employer of the FWS student. The school must make sure the off-campus organization is a reliable agency with professional direction and staff and that the work to be performed is consistent with the purpose of the FWS Program. Note that there is a model off-campus agreement at the end of this chapter. The model need not be followed exactly but serves as a guide.



The agreement should specify what share of student compensation and other costs will be paid by the off-campus organization. For-profit organizations must pay the nonfederal share of student earnings. Any off-campus organization may pay -

- the nonfederal share of student earnings;
- required employer costs, such as the employer's share of Social Security or workers' compensation; and
- the school's administrative costs not already paid from its Administrative Cost Allowance (ACA).

The agreement sets forth the FWS work conditions and establishes whether the school or the off-campus organization will be the employer for such purposes as hiring, firing, and paying the student. The employer is generally considered to be the entity that will control and direct the work of the FWS students—supervising them at the work site, regulating their hours of work, and generally ensuring that they perform their duties properly. However, the school is ultimately responsible for making sure that payment for work performed is properly documented and that each student's work is properly supervised.

The agreement should define whether the off-campus organization will assume payroll responsibility and bill the school for the federal share of the students' wages, or whether the school will pay the students and bill the off-campus organization for its contribution. The school must make up any payments the off-campus organization does not make. It is the school's responsibility to ensure that FWS payments are properly documented, even if the off-campus organization does the payroll. To fulfill that responsibility, the school must keep copies of time sheets and payroll vouchers and keep evidence that the students were actually paid (usually copies of the canceled checks or receipts signed by the students).

The school is also responsible for ensuring that each student's work is properly supervised. School officials should periodically visit each off-campus organization with which they have an off-campus agreement to determine whether students are doing appropriate work and whether the terms of the agreement are being fulfilled.

The agreement must state whether the school or off-campus organization is liable for any on-the-job injuries to the student. The employer is not automatically liable. Federal FWS funds cannot be used to pay an injured student's hospital expenses.

In determining whether to continue an off-campus agreement, many schools have found it helpful to require that students submit a formal evaluation of their work experience at the end of the assignment. The school may also use the evaluation to help off-campus agencies improve their work programs.

Staff members of the off-campus organization must become acquainted with a school's financial aid and student employment programs to better understand the school's educational objectives. The school must supply the off-campus organization with this information.

**Noncompliance:** DSU students were employed as reading tutors during the 2014-2015 and 2015-2016 award years. DSU does not have an agreement with the employer(s).

**Required Action:** DSU must draft a compliant work agreement with all off campus employers that hire FWS students (federal, state, and/or local public agencies and/or nonprofit or profit organizations). In response to this Program Review Report, a copy of the agreement must be forwarded to the Department for review.

**Finding 9: FWS Job Descriptions Inadequate**

**Citation:** The 2015-2016 Student Aid Handbook, Volume 6, Chapter 2, page 44 states job descriptions for all FWS positions should be a part of the control procedures included in your school's policies and procedures manual. A written job description will help you ensure that the position is one that qualifies under the FWS program regulations. In addition, a written job description provides students with the information they need to determine whether they qualify for the job, whether the job is related to their educational or career objectives, and whether the job is of interest to them. Moreover, by considering the rates of pay applicable to the position, the qualifications for each pay level, and the qualifications of a student applicant, a financial aid administrator can determine the hours a student will need to work in order to earn the funds specified in the student's FWS award. Finally, a written job description establishes a record to which all parties can refer. In addition, a written job description can be helpful to avoid disagreements and adjudication and provide a reference in such cases.

If a student is employed with an agency or organization that provides community services, the school should, as with any other FWS position, have a job description that includes the duties and the responsibilities. Schools should use the job description to verify that the job meets the definition of community services in the FWS regulations (see the discussion under *Community service jobs* later in this chapter). In addition, for students performing reading tutoring or family literacy activities, the job description should support those jobs.

Each FWS position should have a job description that includes the

- name of the position;
- classification of the position (e.g., reading tutor 1, reading tutor 2, laboratory assistant, library technician 1 or 2, etc.);
- name and address of the student's employer (the school, public agency, nonprofit organization, etc.);
- department or office in which the student will be employed;
- location where the student will perform his/her duties;

- name of the student's supervisor;
- purpose/role of the position within the organization;
- duties and responsibilities associated with the position and how they relate to the purpose/role;
- rates of pay for the position (cross-referenced to the wage rates appearing in the school's policies and procedures manual);
- general qualifications for the position and the specific qualifications for the various levels/rates of pay associated with the position;
- the length of the student's employment (beginning and ending dates);
- procedures for determining a student's rate of pay when a position has multiple rates; and
- evaluation procedures and schedules.

**Noncompliance:** DSU's job descriptions for its FWS positions did not cover all of the required components that are mentioned in the citation section of this finding. In addition, DSU had a variety of formats for its current job descriptions. As an example, the job description for reading tutors did not include the following:

- Rates of pay for the position
- General qualifications for the position
- Length of the student's employment
- Evaluation procedures and schedules

**Required Action:** DSU must edit each of its FWS job descriptions to ensure that the required regulatory components are included. In response to this Program Review Report, DSU must forward all revised FWS job descriptions to the Department for review.

#### **Finding 10: Drug and Alcohol Abuse Prevention Program Requirements Not Met**

**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, each IHE must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

- 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 and ordinances 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 alcohol abuse;
- 4) A description of any drug or alcohol counseling, treatment, and rehabilitation/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.

In addition, each IHE must conduct a biennial review to determine the effectiveness of its DAAPP and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the IHE and made available to the Department upon request. *34 C.F.R. §§86.3 and 86.100.*

**Noncompliance:** DSU violated multiple requirements of the *DFSCA*. Specifically, the University failed to develop and implement a comprehensive drug and alcohol abuse prevention program (DAAPP) and to publish a materially-complete disclosure that summarizes the plan. In addition, DSU violated the *DFSCA*'s annual DAAPP disclosure distribution requirement by failing to deliver program information to all employees and students who are enrolled for any academic credit each year.

As a direct consequence of the violations described above, the University also failed to conduct a biennial review of the effectiveness of its DAAPP and of the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. Furthermore, by logical extension, DSU failed to produce a biennial review report of findings and recommendations for improvement.

Failure to comply with the *DFSCA*'s DAAPP requirements deprives students of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the biennial review requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime at DSU.

**Required Action:** As a result of these violations, DSU is required to take all necessary corrective actions to resolve the violations identified in this finding and any others identified during the preparation of its response to this Program Review Report (PRR). At a minimum, these actions include:

- Developing and implementing a comprehensive DAAPP that includes all of the required elements found in the *DFSCA* and the Department's Part 86 regulations and publishing a materially-complete disclosure that summarized the program;
- Developing procedures for ensuring that the DAAPP program disclosure is distributed to all employees and all students enrolled for academic credit on an annual basis. DSU is required to provide a draft copy of its DAAPP disclosure and new distribution policy with its response to this PRR. Once the materials are approved by the Department, the University is required to distribute them in accordance with the Part 86 regulations and its new policy and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed as required. This certification is also required to affirm that DSU understands all of its *DFSCA* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur;
- Conducting a substantive biennial review to assess the effectiveness of its DAAPP. DSU is required to describe the research methods and data analysis tools that it used to determine the effectiveness of the program and identify the responsible official(s) and office(s) that conduct the biennial review. Finally, the biennial review report is required to be approved by the University's chief executive and/or its board. The biennial review is to be completed by 7/1/2017. The University's report is to be submitted to the review team by 7/15/2017; and,
- Establishing policies and procedures to ensure that all subsequent biennial reviews are conducted in a timely manner and are fully documented. DSU is also required to take all other necessary action to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constituted serious violations of the *DFSCA* that by their nature could not be cured. There is no way to truly "correct" a violation of this type once it occurred. The University is being given an opportunity to implement a substantive DAAPP, publish and distribute an accurate and complete DAAPP disclosure, conduct a biennial review and to otherwise bring operations into compliance with the *DFSCA*, as required by its PPA. However, DSU is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor did they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

#### **Finding 11: Crime Awareness Requirements Not Met**

**Citation:** The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the *Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA 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 described in 34 C.F.R. §668.46(b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting 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 that includes a statement of the report's availability and 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). The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the ASR's availability, its contents, and its exact electronic address if posted to a website. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. §668.41(e)(4).

The *Clery Act* and the Department's regulations require institutions to include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), sex offenses (rape, fondling, incest and statutory rape), robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate 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; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. §668.46(c)(1) When applicable, an institution must also compile and publish crime statistic disclosures for each of its campuses. 34 C.F.R. §668.41 (e)(4).

Several policy statements must be included in the ASR. 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 required to disclose alcohol and drug policies and educational programs, as well as policies pertaining to sexual assault education, prevention, and adjudication. Institutions must also provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. All required statistics and policies must be included in a single comprehensive document, known as an 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 ASR. §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 (OPE) "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. §668.41(e)(5)



**Noncompliance:** DSU violated multiple provisions of the *Clery Act*. Specifically, the University failed to prepare and publish materially-complete ASRs for the 2015 and 2016 calendar years. In addition, DSU did not notify students and faculty/staff of the availability of the 2015 ASR and was late in notification (10/12/2016) for the 2016 ASR. Other deficiencies include:

- Fire Safety Reports were included in the 2015 and 2016 ASRs, but the reports were not clearly identified in the ASR titles;
- Inadequate prevention programs for crime prevention, sex offenses, and fire safety;
- No procedures to encourage pastoral counselors and professional counselors to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics.

Failure to publish accurate and complete ASRs and actively distribute these reports in accordance with federal regulations indicates a lack of administrative capability and deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

**Required Action:** As a result of these violations, DSU must review and revise its policies and procedures regarding the preparation, publication, and distribution of ASR to ensure that all aspects of the ASR process are carried out in accordance with the *Clery Act*. Using its new and revised policies as a guide, the University must prepare and publish an accurate and complete revised 2016 ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. §668.46(b). In addition, DSU must actively distribute its new 2016 ASR to all current students and employees in accordance with 34 C.F.R. §668.41(e). A copy of the University's new and revised policies and procedures and its revised 2016 ASR must accompany its response to this PRR. The 2016 ASR must contain all of the statistical, policy, procedure and programmatic disclosures required under 34 C.F.R. §668.46(b). In addition, DSU will be required to provide documentation to the Department evidencing the distribution along with a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. C.F.R. §668.41(e). This certification must also affirm that the University understands 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. DSU will be given an opportunity to address the violations identified above. In doing so, the University will take the first steps toward compliance with the *Clery Act* and the terms and conditions of its PPA. However, DSU is advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility 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 the University's response, the Department will

determine if additional actions will be required to address the listed violations. The Department will advise DSU accordingly in the FPRD.

The Department strongly recommends that DSU re-examine its campus security 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 regulations. University officials may wish to refer to the Department's "Handbook for Campus Safety and Security Reporting" (2016 Edition) during the preparation of its response. The Handbook is available online at: <http://www.ifap.ed.gov/eannouncements/attachments/HandbookforCampusSafetyandSecurityReporting.pdf>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§668.14, 668.41, 668.46, and 668.49.

Finally, DSU management is reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (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 campus adjudication in their 2015 ASRs. The Department issued Final Rules on the VAWA amendments on October 20, 2014 and therefore, these regulations went into effect on July 1, 2015, per the Department's Master Calendar. University officials may access the text of the Final Rule at: <http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

**Finding 12: Student Enrollment Confirmation Report Filed Inaccurate/Late**

**Citation:** 34 C.F.R. § 685.309 (b) states a school shall—

(1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and

(2) 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—

(i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;

(ii) 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

(iii) Has changed his or her permanent address.

(3) The Secretary provides student status confirmation reports to a school at least semi-annually.

(4) The Secretary may provide the student status confirmation report in either paper or electronic format.

All institutions participating in Title IV programs must have internal procedures for reporting student enrollment data to the National Student Loan Data System (NSLDS) through a roster file. This information determines if the student is eligible for an in-school deferment or must enter repayment. For students entering repayment, the out of school status effective date determines when the grace period begins and when the student must begin repaying loan funds.

**Noncompliance:** During the course of the program review, several students were identified with late and/or inaccurate enrollment reporting. A partial list of the affected students is listed in Appendix C.

**Required Action:** The institution must adjust its Enrollment Reporting Policy/Procedures to prevent the reoccurrence of similar violations. The University must develop strategies to prevent repetition of the errors noted in the noncompliance section of this finding. Continued violations may result in late and/or incorrect enrollment status updates that can affect a student's Direct Loan repayment and/or grace period start date. In its response to this Program Review Report, DSU must submit a copy of its revised Enrollment Reporting Policy/Procedure document.

#### **Finding 13: R2T4 Not Made**

**Citation:** The 2015-2016 Student Aid Handbook, Volume 5, Chapter 1, page 3 states the Return of Title IV Funds (Return) regulations do not dictate an institutional refund policy. Instead, a school is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance based on the amount of time the student spent in attendance or, in the case of a clock-hour program, was scheduled to be in attendance. Up through the 60% point in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds he or she was scheduled to receive during the period.

**For a student who withdraws after the 60% point-in-time, there are no unearned funds. However, a school must still determine whether the student is eligible for a post-withdrawal disbursement (PWD).**

**Noncompliance:** Student 26 of the Program review sample withdrew after attending more than 60% of the fall 2015 semester. DSU did not perform a R2T4 calculation for this student. The reviewers determined that DSU routinely did not perform R2T4 calculations for students who attended 60% or more of a payment period.

**Required Action:** All institutions are required to perform R2T4 calculations for students who attend over 60% of a payment period. The R2T4 calculation must be performed to determine if the student is due a post withdrawal disbursement. DSU must discontinue the practice of limiting the administration of R2T4 calculations to students who attended less than 60% of a payment period. In response to this Program Review Report, DSU must submit an updated R2T4 Policy/Procedures document that clearly addresses this noncompliance issue.

**Finding 14: Student Not Awarded Full Subsidized Direct Loan Eligibility**

**Citation:** 34 C.F.R. § 685.200(a)(v)(2)(i) states a student is eligible to receive a Direct Subsidized Loan, a Direct Unsubsidized Loan, or a combination of these loans, if the student meets the following requirements:

(2)(i) A Direct Subsidized Loan borrower must—

(A) Demonstrate financial need in accordance with title IV, part F of the Act.

The 2015-2016 Student Aid Handbook, Volume 3, Chapter 7, page 142 states the law requires aid administrators to find out whether the student is eligible for certain other FSA programs that would reduce the need for borrowing. If your school participates in the Federal Pell Grant Program, you must include the student's estimated Pell Grant eligibility as Estimated Financial Assistance when making Campus-Based awards, whether or not the student has received the Pell Grant at the time you make your Campus- Based award.

Similarly, you must determine an undergraduate student's Pell Grant eligibility before originating a Direct Subsidized or Unsubsidized Loan for that student. In addition, **a student may not receive a Direct Unsubsidized Loan unless the student has received a Direct Subsidized Loan for the maximum amount for which the student is eligible.** (The difference between Direct Subsidized and Unsubsidized Loans is explained in *Chapter 5* of this volume.) However, if the amount of the Direct Subsidized Loan would be \$200 or less and the amount can be included as part of a Direct Unsubsidized Loan, you are not required to originate a separate subsidized loan.

**Noncompliance:** There were three students identified from the Program Review sample that were not awarded full Subsidized Direct Loan eligibility. Detailed information is as follows -

**Student 9:** This student was a senior during the fall semester of 2015. She was awarded a Subsidized Direct Loan (\$1,950) and an Unsubsidized Direct Loan (\$4,300) during the fall 2015 semester. The student had unmet need of \$1,012. The student was under awarded Subsidized Loan funds. DSU staff indicated that the under award was the result of DSU packaging strategy that took into the consideration the **possibility** of the student receiving state funds. These funds were not received. Full eligibility should have been awarded and then adjusted when and if additional state funds were received.

**Student 30:** This student was a sophomore at the beginning of the 2016-2017 award year. The student was packaged with an offer of a Federal Work Study (FWS). The student did not choose to accept the FWS award. Once DSU was aware that the student did not accept the FWS offer, DSU should have re-evaluated the student's eligibility to correct the Subsidized and Unsubsidized Direct Loan awards. The student was under awarded \$1,902 in Subsidized Direct Loan eligibility.



**Student 31:** This student was a transfer student who began his enrollment with DSU in the spring of 2017 (junior status). DSU awarded the student a Subsidized Direct Loan of \$2,750 and an Unsubsidized Direct Loan of \$1,000. The student had unmet need totaling \$2,039. DSU chose to prorate the students loans based on half of a full award year loan eligibility (fall/spring 2016-2017). Since the student did not attend during the fall 2016 semester, DSU should have awarded the student his full Subsidized eligibility for the award year during the spring 2017 semester (\$3,039).

**Required Action:** Students eligible for Subsidized Direct Loan funds must receive their maximum eligibility. Accurate need analysis is critical in the administration of Title IV aid. Incorrect need determinations may result in undue hardship to the student and/or Department. In response to this Program Review Report, DSU must revise its Awarding Policy/Procedures to address the issue discussed in the noncompliance section of this finding. The revised Awarding Policy/Procedures document must be submitted to the Department for review.

**Finding 15: Student Not Awarded Full Unsubsidized Direct Loan Eligibility**

**Citation:** 34 C.F.R. § 685.200 (a) states a student is eligible to receive a Direct Subsidized Loan, a Direct Unsubsidized Loan, or a combination of these loans, if the student meets the following requirements:

(i) The student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Direct Loan Program.

(ii) The student meets the requirements for an eligible student under 34 CFR part 668.

(iii) In the case of an undergraduate student who seeks a Direct Subsidized Loan or a Direct Unsubsidized Loan at a school that participates in the Federal Pell Grant Program, the student has received a determination of Federal Pell Grant eligibility for the period of enrollment for which the loan is sought.

The 2015-2016 Federal Student Aid Handbook, Volume 3, Chapter 7, pp. 138 states your school cannot originate Direct Loans only in the amount needed to cover the school charges, nor limit Direct Unsubsidized borrowing by independent students. See Chapter 5 of this volume for further information on originating loan amounts.

The Department's Dear Colleague Letter (GEN 11-17) dated March 22, 2011 stated -

Limitation on an across-the-board basis or by category of borrower -

Schools do not have the authority to limit Direct Loan borrowing by students or parents on an across-the-board or categorical basis. For example, schools may not limit all student and parent Direct Loan borrowing to the amounts needed to cover only institutional costs, if the borrowers would otherwise be eligible to receive additional loan funds. Similarly, schools may not have

policies that would result in certain categories of borrowers (e.g., first-year students, students who live at home, or students in certain majors) being denied access to Direct Loans, or that would reduce the amount of Direct Loan funds that borrowers in certain categories would otherwise be eligible to receive. In addition, schools may not have policies that allow students to receive Direct Loans only for certain enrollment periods (e.g., for regular terms, but not summer terms).

A school also may not have an across-the-board limit on student eligibility for Direct Subsidized Loans and Direct Unsubsidized Loans that restricts student borrowers to the “base” combined subsidized/unsubsidized annual loan limit (\$3,500, \$4,500, \$5,500 or \$8,500, depending on grade level), and not make available to the student the “additional” unsubsidized loan amounts (\$2,000 for dependent students; \$6,000, \$7,000 or \$12,000 for independent students, depending on grade level) for which the student would otherwise be eligible. For example, a school may not limit borrowing by first-year dependent students to \$3,500 in Direct Subsidized and/or Direct Unsubsidized Loans per academic year if the dependent students are eligible to receive additional Direct Unsubsidized Loan funds beyond the “base” subsidized/unsubsidized annual loan limit.

A school is **not prohibited from counseling students** on the benefits of avoiding loans or reducing the amount the student borrows. We also note that a student can initially **choose to not take out a loan or to borrow an amount less than the full amount for which the student would be eligible, and later in the loan period request the loan or the additional loan funds**

**Noncompliance:** Several instances of Unsubsidized Direct Loan under awards were noted. Student specific information is provided below.

**Student 3:** This student was senior undergraduate student in the 2015-2016 award year. The student was eligible for \$5,500 in Subsidized Direct Loan and \$2,000 in Unsubsidized Direct Loan. DSU awarded the student \$5,500 in Subsidized Direct Loan and \$400 in Unsubsidized Direct Loan. The student was under awarded \$1,600 in Unsubsidized Direct Loan. DSU staff said that a request was made verbally by the student. There is no evidence in the file or automated system; however, indicating that the student requested a reduction in her eligibility.

**Student 12:** This student began his enrollment with DSU in the fall semester of 2015. The student was eligible for \$5,500 in Unsubsidized Direct loans for the 2015-2016 award year. The student was not awarded the additional Unsubsidized Direct Loan amount (\$2,000). There is no evidence in the file indicating that the student requested a reduction in her eligibility.

**Student 17:** This student was a graduate student in the 2016 – 2017 award year. The student was eligible for \$19,992 in Unsubsidized Direct Loan (full cost of attendance). DSU awarded the student \$12,500 in Unsubsidized Direct Loan. The student was under awarded by \$7,492. DSU staff indicated that \$12,500 was the standard amount awarded to graduate students.



**Student 28:** This student was a graduate student in the 2016 – 2017 award year. The student was eligible for \$19,992 in Unsubsidized Direct Loan (full cost of attendance). DSU awarded the student \$12,500 in Unsubsidized Direct Loan. The student was under awarded by \$7,492. DSU staff indicated that \$12,500 was the standard amount awarded to graduate students.

**Required Action:** DSU must discontinue the practice of under awarding Unsubsidized Direct Loans. As an alternative, DSU may add narrative to its award letter informing students and parents that they have been awarded full loan eligibility and have the option to reduce or cancel the loan awards. Additional narrative should also provide guidance on the process to reduce or cancel (electronic or paper). In response to this finding, DSU must forward an updated/revised Awarding Policy in its response to this Program Review Report.

#### **Finding 16: Exit Counseling Deficiencies**

**Citation:** 34 C.F.R. § 685.304 (b) (1) states a school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school.

(2) The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student borrower may be provided with written counseling materials within 30 days after the student borrower completes the program.

(3) If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

The 2015-2016 Student Aid Handbook, Volume 2, Chapter 6, page 127 states when mailing exit materials to students who have left school, you're not required to use certified mail with a return receipt requested, but you must document in their file that the materials were sent. If they fail to provide updated contact information, you are not required to take further action.

34 C.F.R. § 685.304 (b) (4) states the exit counseling must—

(i) Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers who have obtained Direct Subsidized Loans and Direct Unsubsidized Loans, student borrowers who have obtained only Direct PLUS Loans, or student borrowers who have obtained Direct

Subsidized, Direct Unsubsidized, and Direct PLUS Loans, depending on the types of loans the student borrower has obtained, for attendance at the same school or in the same program of study at the same school;

(ii) Review for the student borrower available repayment plan options including the standard repayment, extended repayment, graduated repayment, income-contingent repayment, and income-based repayment plans, including a description of the different features of each plan and sample information showing the average anticipated monthly payments, and the difference in interest paid and total payments under each plan;

(iii) Explain to the borrower the options to prepay each loan, to pay each loan on a shorter schedule, and to change repayment plans;

(iv) Provide information on the effects of loan consolidation including, at a minimum—

(A) The effects of consolidation on total interest to be paid, fees to be paid, and length of repayment;

(B) The effects of consolidation on a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities;

(C) The options of the borrower to prepay the loan and to change repayment plans; and

(D) That borrower benefit programs may vary among different lenders;

(v) Include debt-management strategies that are designed to facilitate repayment;

(vi) Explain to the student borrower how to contact the party servicing the student borrower's Direct Loans;

(vii) Meet the requirements described in paragraphs (a)(6)(i), (a)(6)(ii), and (a)(6)(iv) of this section;

(viii) Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;

(ix) Provide—

(A) A general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or discharge of principal and interest, defer repayment of principal or interest, or be granted forbearance on a title IV loan; and

(B) A copy, either in print or by electronic means, of the information the Secretary makes available pursuant to section 485(d) of the HEA;

(x) Review for the student borrower information on the availability of the Department's Student Loan Ombudsman's office;

(xi) Inform the student borrower of the availability of title IV loan information in the National Student Loan Data System (NSLDS) and how NSLDS can be used to obtain title IV loan status information;

(xii) Explain to first-time borrowers, as defined in §685.200(f)(1)(i)—

(A) How the borrower's maximum eligibility period, remaining eligibility period, and subsidized usage period are determined under §685.200(f);

(B) The sum of the borrower's subsidized usage periods, as determined under §685.200(f)(1)(iii), at the time of the exit counseling;

(C) The consequences of continued borrowing or enrollment, including--

(1) The possible loss of eligibility for additional Direct Subsidized Loans; and

(2) The possibility that the borrower could become responsible for accruing interest on previously received Direct Subsidized Loans and the portion of a Direct Consolidation Loan that repaid a Direct Subsidized Loan during in-school status, the grace period, authorized periods of deferment, and certain periods under the Income-Based Repayment and Pay As You Earn Repayment plans;

(D) The impact of the borrower becoming responsible for accruing interest on total student debt;

(E) That the Secretary will inform the student borrower of whether he or she is responsible for accruing interest on his or her Direct Subsidized Loans; and

(F) That the borrower can access NSLDS to determine whether he or she is responsible for accruing interest on any Direct Subsidized Loans as provided in §685.200(f)(3);

(xiii) A general description of the types of tax benefits that may be available to borrowers; and

(xiv) Require the student borrower to provide current information concerning name, address, social security number, references, and driver's license number and State of issuance, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and the name and address of the student borrower's expected employer (if known).

**Noncompliance.** DSU conducts a robust in person exit counseling session for students who graduate or withdraw from the University. However, DSU uses an outdated exit counseling

document that was provided by a former guarantee agency in the Federal Family Educational Loan Program (FFELP). This form did not capture the required elements listed in the citation section of this finding.

Six students were identified (students 6, 8, 9, 15, 26 and 30) with no documentation of exit counseling completed or of exit counseling materials sent to the last known address on file after graduating or withdrawing from the University.

**Required Action:** DSU must utilize an exit counseling method/tool that captures each of the required regulatory components listed in the citation section of this finding. The web-based exit counseling product offered by the Department at [www.studentloans.gov](http://www.studentloans.gov) is a compliant option.

In addition, DSU must monitor all graduated and withdrawn student borrowers (including unofficial withdrawals) to ensure that loan exit counseling has been completed or that written counseling materials have been sent to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn/graduated from school and failed to complete the exit counseling requirement. Documentation must be maintained in each student's file or within the financial aid management system (BANNER) to verify that materials were sent electronically or to the last known address. In response to this Program Review Report, DSU must submit a copy of a revised Entrance/Exit Counseling Policy/Procedure to the Department for review.

#### **Finding 17: Excess Cash Balance Maintained**

**Citation:** 34 C.F.R. § 668.166 states the Secretary considers excess cash to be any amount of Title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution—

(i) Received those funds from the Secretary; or

(ii) Deposited or transferred to its Federal account previously disbursed title IV, HEA program funds received from the Secretary, such as those resulting from award adjustments, recoveries, or cancellations.

(2) The provisions of this section do not apply to the title IV, HEA program funds that an institution receives from the Secretary under the just-in-time payment method.

(b) *Excess cash tolerances.* An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period.

(c) *Consequences for maintaining excess cash.* Upon a finding that an institution maintains excess cash for any amount or timeframe over that allowed in the tolerance provisions in paragraph (b) of this section, the actions the Secretary may take include, but are not limited to—

(1) Requiring the institution to reimburse the Secretary for the costs the Secretary incurred in providing that excess cash to the institution; and

(2) Providing funds to the institution under the reimbursement payment method or cash monitoring payment method described in §668.163(d) and (e), respectively.

**Noncompliance:** Research conducted prior to the program review revealed that DSU had an excess cash balance of \$23,248 in the Direct Loan Program as of 3/13/2017 (2015-2016 award year). The lead reviewer discussed the condition with responsible staff. Financial Aid staff was not able to identify the source of the unsubstantiated cash.

**Required Action:** DSU must be diligent in its cash management of Title IV programs to prevent instances of G-5 draws in excess of accepted and posted COD disbursements. In response to this Program review Report, DSU must identify the students that comprise the unsubstantiated cash balance and make the appropriate corrections to the COD system. Documentation of the adjustments must be provided to the Department with DSU's response to this Program Review Report.

If DSU cannot substantiate the excess cash Direct Loan balance, the institution will be responsible for returning the excess funds. If necessary, payment instructions will be included in the Repayment Instructions section of the Final Program Review Determination Letter.

#### **Finding 18: Inadequate Policies/Procedures Manual**

**Citation:** 34 C.F.R. § 668.16 (b) (4) states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

(4) Has written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary.

**Noncompliance:** DSU does not have a comprehensive policies and procedures manual. An institution is required to develop an internal policies and procedures manual that covers all functions performed by the school in its administration of the Title IV programs. Primary among the required components of a compliant policy and procedures manual are Verification, R2T4, Awarding and SAP policies/procedures. Secondary components include Unofficial Withdrawal, Review of ISIR's Subsequent to Packaging, Transfer Monitoring, Professional Judgement and Fund Reconciliation – among others.



**Required Action:** In response to this Program Review Report, DSU must develop and submit a comprehensive policies and procedures manual of all operational functions. The policies and procedures manual should be written to an audience of novice administrators and include applicable screen shots.

**Finding 19: Lack of Separation of Duties in Authorizing and Disbursing Title IV Funds**

**Citation:** 34 C.F.R. § 668.16 states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

(c)(1) Administers Title IV, HEA programs with adequate checks and balances in its system of internal controls; and

(2) Divides the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions with respect to any particular student aided under the programs. For example, the functions of authorizing payments and disbursing or delivering funds must be divided so that for any particular student aided under the programs, the two functions are carried out by at least two organizationally independent individuals who are not members of the same family, as defined in §668.15, or who do not together exercise substantial control, as defined in §668.15, over the institution.

The 2015 -2016 Federal Student Aid Handbook, Volume 2, Chapter 3, page 40 states in addition to having a well-organized financial aid office staffed by qualified personnel, a school must ensure that its administrative procedures for the FSA programs include an adequate system of internal checks and balances. This system, at a minimum, must separate the functions of authorizing payment and disbursing or delivering funds so that no single person or office exercises both functions for any student receiving FSA funds.

While electronic processes enhance accuracy and efficiency, they also can blur separation of functions so the awarding and disbursement occur virtually simultaneously. Schools must set up controls that prevent an individual or an office from having the authority or the ability to perform both functions. In addition, your system also should have controls that prevent cross-functional tampering. For example, financial aid office employees should not be able to change data elements that are entered by the registrar's office. Finally, your system should only allow individuals with special security classifications to make changes to the programs that determine student need and awards, and it should be able to identify the individuals who make such changes.

**Noncompliance:** DSU currently authorizes and disburses Title IV funds under the control of the financial aid department. The functions of authorizing and disbursing Title IV funds must be performed by separate offices.



**Required Action:** DSU must revise its Awarding and Disbursing Policy/Procedures to address the regulatory violation noted in the noncompliance section of this finding. DSU must submit a copy of the revised Awarding/Disbursement Policy to the Department for review.

**Finding 20: Federal Supplemental Educational Opportunity Grant (FSEOG) Selection Policy Not Compliant**

**Citation:** 34 C.F.R. § 676.10 states in selecting among eligible students for FSEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year.

(2) If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution shall award the remaining FSEOG funds to those eligible students with the lowest expected family contributions who will not receive Federal Pell Grants.

(b) If an institution's allocation of FSEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students.

The 2015-2016 Student Aid Handbook, Volume 6, Chapter 1, Page 3 states the Federal Supplemental Educational Opportunity Grant Program (FSEOG) provides assistance to exceptionally needy undergraduate students. Students are exceptionally needy if they have the lowest EFCs. A priority must be given to Pell Grant recipients. Schools selecting FSEOG recipients must use the selection criteria discussed in Volume 3.

The 2015-2016 Student Aid Handbook, Volume 3, Chapter 6, page 132 states when awarding FSEOG funds for an award year, you must first select students with the lowest expected family contributions (EFC) who will also receive Pell Grants in that award year. This group is known as the FSEOG first selection group. A student who will receive a Pell Grant in the award year is a student who has demonstrated Pell Grant eligibility for the same award year based upon an EFC that you have calculated for the student or the EFC on the student's valid SAR or ISIR.

A student who receives a Pell Grant at any time in the award year may be awarded an FSEOG for that award year; the student does not have to receive a Pell Grant in the same payment period as the FSEOG. For example, in the case of a student who receives a Pell Grant for the fall semester only due to reaching his lifetime eligibility used (LEU), the student may be awarded an FSEOG for both the fall semester and subsequent spring semester.

If you have remaining FSEOG funds after making awards to all Pell Grant recipients for that award year, you must next select students with the lowest EFCs who are not receiving Pell Grants. This group of students is known as the FSEOG second selection group. This group also includes students who have exceeded their LEU. LEU is covered fully in chapter 3 of this volume.

You must keep documentation of the eligible EFC that was calculated for the student, and you must confirm Pell Grant eligibility prior to disbursement of the FSEOG. If the FSEOG recipient does not actually receive a Pell Grant during the award year, but the documentation shows that the FSEOG award and disbursement was made in good faith, you are not required to recover the FSEOG funds. If the student loses Pell Grant eligibility prior to disbursement of the FSEOG, you must cancel the FSEOG award.

**Noncompliance:** DSU completed and forwarded a data recipient spreadsheet to the Department that contained all of the Title IV recipients for the 2015-2016 and 2016-2017 award years. A review of the spreadsheet indicated that several students with an EFC of greater than zero were awarded FSEOG funds. Discussion with DSU staff indicated that FSEOG funds were routinely awarded to Pell eligible students with an EFC greater than zero. These awards were based on the relative amount of remaining need after all available sources had been awarded to the student. The regulations state that FSEOG must be awarded to students with the lowest EFC (zero) before funds can be offered to the remaining Pell eligible students. A partial listing of affected students is provided in Appendix D.

**Required Action:** DSU must discontinue the policy of awarding FSEOG funds to non-zero EFC students unless all zero EFC students have been awarded. In response to this Program Review Report, DSU must draft a revised FSEOG selection policy and submit the document to the Department for review.

#### **Finding 21: Title IV Account Records Not Reconciled**

**Citation:** 34 C.F.R. § 668.24 states that an institution must account for the receipt and expenditures of Title IV funds in accordance with generally accepted accounting principles. Records must be established and maintained on a current basis; reflect each program transaction; and be supported by general ledger (GL) control accounts and related subsidiary accounts that identify each transaction and all other institutional financial activity.

The 2015-2016 Student Aid Handbook, Volume 4, Chapter 5, pages 91-92 state except for funds received by a school for administrative expenses and for funds used for the Job Location and Development (JLD) Program, funds received by a school under the Federal Student Aid (FSA) programs are held in trust for the intended student beneficiaries. As a trustee of those funds, a school must have procedures in place that ensure FSA funds are used as intended.

The cash management regulations establish rules and procedures that a school must follow in requesting and managing FSA program funds. Under the cash management regulations, a school has a fiduciary responsibility to have a system in place to:

- safeguard FSA funds,
- ensure FSA funds are used only for the purposes intended,
- act on the student's behalf to repay a student's FSA education loan debt when the school is unable to pay a credit balance directly to the student, and

- return to the Department any FSA funds that cannot be used as intended.

Failure to have such a system in place calls into question a school's administrative capability, its fiscal responsibility, and its system of internal controls. In short, it calls into question a school's qualifications to participate in the FSA programs.

Your school should have documented reconciliation procedures that describe who, how, and when your school will reconcile. You should review these procedures regularly to identify issues and make any necessary improvements. Your school must meet all cash management and disbursement reporting requirements. Regular reconciliation can help identify and resolve discrepancies so your school can stay in compliance.

Title IV reconciliation is the process by which a school reviews and compares Title IV aid (grants, loans, and Campus-Based aid) recorded on the Department's systems with the information in the school's internal records. Through reconciliation, disbursement and cash discrepancies are identified and resolved in a timely manner to ensure the school meets all regulatory requirements. Schools must document their reconciliation efforts and retain this documentation for auditing purposes.

If completed on a regular basis, reconciliation can assist schools with disbursements, adjustments, reporting requirements, and complying with cash management regulations.

When a school compares business office records of funds requested, received, disbursed, and returned to financial aid office records of funds awarded to students it is performing **internal reconciliation**. When the school compares its reconciled internal records to the Department's records of funds received and returned, and of grants or loans originated and disbursed to students at the school, it is performing **external reconciliation**. When it performs external reconciliation, a school is ensuring that the Department's records reconcile with the school's records, both at the cumulative and individual student levels.

**At a minimum, your school should reconcile its FSA financial records monthly.** However, the more frequently your school performs reconciliation, the more likely you will be able to identify issues and resolve them before they become part of a systemic problem. Frequent reconciliation is an important internal control procedure that can make a significant contribution to increasing the overall program integrity of the FSA programs at your school. In addition, schools that have systems in place to compare and identify discrepancies between their internal records and data from Department reports will find that the required monthly reconciliation is much easier and makes closing out a year less time consuming.

**Noncompliance:** DSU's 2015-2016 Title IV expenditures and receipts were not fully reconciled at the time of the program review. Institutional totals for the Direct Loan and Pell Grant programs did not match the Department's Common Origination and Disbursement (COD) system data or the Department's G-5 system data. In addition, DSU staff confirmed that routine monthly reconciliation was not being performed for the Direct Loan and Pell Grant accounts.

**Required Action:** DSU must adhere to the generally related accounting principles that recommend adherence to a monthly reconciliation schedule. In response to this Program Review Report, DSU must submit documentation demonstrating that a 2015-2016 full year end reconciliation of G-5, COD and internal records has been performed for the Pell Grant and Direct Loan programs. In addition, DSU must submit a new or revised Reconciliation Policy/Procedure document to the Department that includes the requirement to reconcile on a monthly basis (minimum).

**Finding 22: Satisfactory Academic Policy Inadequate/Non-Compliant**

**Citation:** 34 C.F.R. § 668.34 states an institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

**(1) The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the title IV, HEA programs;**

**(6) The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours.**

34 C.F.R. 668.34 § (b) states maximum timeframe means—

**(1) For an undergraduate program measured in credit hours, a period that is no longer than 150 percent of the published length of the educational program, as measured in credit hours.**

34 C.F.R. § 668.34 (c) states an institution that evaluates satisfactory academic progress at the end of each payment period and determines that a student is not making progress under its policy may nevertheless disburse title IV, HEA program funds to the student under the provisions of paragraph (c)(2), (c)(3), or (c)(4) of this section.

**(2) For the payment period following the payment period in which the student did not make satisfactory academic progress, the institution may—**

**(i) Place the student on financial aid warning, and disburse title IV, HEA program funds to the student; or**

**(ii) Place a student directly on financial aid probation, following the procedures outlined in paragraph (d)(2) of this section and disburse title IV, HEA program funds to the student.**

(3) For the payment period following a payment period during which a student was on financial aid warning, the institution may place the student on financial aid probation, and disburse title IV, HEA program funds to the student if—

(i) The institution evaluates the student's progress and determines that student did not make satisfactory academic progress during the payment period the student was on financial aid warning;

(ii) The student appeals the determination; and

(iii)(A) The institution determines that the student should be able to meet the institution's satisfactory academic progress standards by the end of the subsequent payment period; or

**(B) The institution develops an academic plan for the student that, if followed, will ensure that the student is able to meet the institution's satisfactory academic progress standards by a specific point in time.**

(4) A student on financial aid probation for a payment period may not receive title IV, HEA program funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution determines that the student met the requirements specified by the institution in the academic plan for the student.

34 C.F.R. § 668.16 states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

**(d)(1) Establishes and maintains records** required under this part and the individual Title IV, HEA program regulations.

**Noncompliance:** DSU's SAP policy/procedures did not meet the Department's regulations per the items outlined in the citation section of this finding. More specifically –

- DSU's financial aid SAP qualitative standards for freshman (1.4) and sophomores (1.6) was less stringent than DSU's academic policy (1.6 and 1.8).
- The treatment of incompletes, withdrawals, repetitions, or transfers of credit from other institutions is not clearly articulated in the SAP policy.
- DSU's maximum time frame for undergraduate students is set at 195 credit hours for all programs. The maximum time frame should be calculated program by program using 150% of the credit hours required for program completion. Most undergraduate programs at DSU are 124 credit hours. As such, the maximum time frame for these programs is 186 hours.
- At its discretion, DSU places students who earn less than a 1.0 GPA on suspension. Students that earn between a 1.0 and the minimum GPA standard are typically placed on



a warning status. This practice is acceptable, but it is not clearly discussed in the SAP policy that is available to students and parents.

- DSU allows students to appeal a suspended SAP status. DSU's SAP policy, however, does not clearly describe the process of placing a student who receives an approved appeal on probation or on an **academic plan**.
- DSU utilizes a predominately manual process in administering SAP evaluations. DSU does not produce a system generated status for students that are maintaining SAP. There is no clear audit trail for these students to verify that SAP is being met.

**Required Action:** DSU must update/revise its SAP policy/procedures to correct each of the items mentioned in the noncompliance section of this finding. In response to this Program Review Report, DSU must forward a revised/updated SAP policy/procedures document for review.

**Finding 23: Incorrect Calculation of Cost of Attendance (Room and Board Components)**

**Citation:** The 2015-2016 Student Aid Handbook, Volume 3, Chapter 2, pages 33-34 states, "The cost of attendance for a student is an estimate of that student's educational expenses for the period of enrollment. You can use average expenses (**for students with the same enrollment status**) at your school, rather than actual expenses. For example, for the tuition and fees component, you can use the same average amount for all full-time students instead of figuring the actual tuition and fees for each individual student. You can have different standard costs for different categories of students, such as a cost of attendance for out-of-state students (who have higher tuition) and a lower cost of attendance for in-state students. **However, you cannot combine the COA figures for each separate enrollment status and award aid to a student on the basis of the average COA.** Students must be awarded on the basis of a COA comprised of allowable costs assessed all students carrying the same academic workload.

A student's cost of attendance is the sum of the following. If a cost is not mentioned in these categories (which are derived from the only source on COA components, Section 472 of the HEA), it is not to be included as COA:

**An allowance for room and board -**

**For students without dependents living at home with their parents, this will be an allowance that you determine. For students living on campus, the allowance is the standard amount normally assessed most residents. For those living off-campus but not with their parents, the allowance must be based on reasonable expenses for the student's room and board."**

**Noncompliance:** DSU constructed a general COA for all categories of students that includes a "Maintenance" component. The "Maintenance" component includes room, board, transportation and personal expenses. The COA for specific categories of students (on campus, off campus,



living at home with parents) involves different cost estimates. Institutions must draft COA budgets that depict a reasonable total expense for each student type.

**Required Action:** DSU must discontinue the practice of using one general cost of attendance budget for multiple categories of students. In response to this Program Review Report, DSU must draft multiple costs of attendance budgets for various categories of students. These COA budgets must be forwarded to the Department for review in DSU's response to this Program Review Report.

#### **Finding 24: Lack of Substantive Interaction – Distance Education**

**Citation:** The 2016-2017 Student Aid Handbook, Volume 2, Chapter 2, pages 30-31 states a distance education program at a domestic school is considered an eligible FSA program if it has been accredited by an accrediting agency recognized by the Department for accreditation of distance education. It is not subject to the rules that apply to correspondence coursework, which are discussed in the next section.

Distance education means education that uses certain technologies to deliver instruction to students who are separated from the instructor and **to support regular and substantive interaction between the students and the instructor**. The interaction may be synchronous (student and instructor are in communication at the same time) or asynchronous. The technologies may include the Internet; audio conferencing; or one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices. A course taught through video cassettes or discs is also considered a distance education course but only if one of the three technologies listed is used to support interaction between the students and the instructor.

Unlike distance education courses, which are treated the same as all other eligible programs, some restrictions apply to correspondence courses. A correspondence program at a domestic school is considered an eligible FSA program if it has been accredited by an accrediting agency recognized by the Department for accreditation of correspondence education.

A correspondence course is a home-study course for which the school provides instructional materials, including examinations on the materials, to students who are not physically attending classes at the school. Interaction between the instructor and student is limited, not regular and substantive, and primarily initiated by the student.

Correspondence courses are typically self-paced. When a student completes a portion of the instructional materials, the student takes the examinations that relate to that portion of the materials and returns the examinations to the school for grading.

If a course is part correspondence and part residential training, the course is considered to be a correspondence course.

If a school adds distance education technology, such as electronic delivery of course materials or an online discussion board, to a correspondence course, the school must ascertain the predominant method of instruction (correspondence or distance education), keeping in mind That a distance education course must use technology to support regular and substantive interaction between the students and instructor. The school must use the rules for the predominant method in administering the FSA programs.

If a school offers more than 50% of its courses by correspondence or if 50% or more of its students are enrolled in its correspondence courses, the school loses its eligibility to participate in the FSA programs (see *Chapter 1*).

Note that correspondence students enrolled in certificate programs are not eligible for FSA funds. For a full discussion of when a school may pay a student for correspondence study, see *Volume 1, Chapter 1*. Also see *Volume 3, Chapter 2* for limitations on the cost of attendance for correspondence students and *Volume 3, Chapter 1* for the timing of disbursements to correspondence students.

**Noncompliance:** During the course of the program review, the Department requested a demonstration of the technology (Canvas) used in the delivery of distance education courses. The Department selected five students from the program review sample who had at least one distance education course during the award years reviewed. In four instances, there was extremely limited substantive interaction between the student and professor. In one instance, there was moderate substantive interaction. DSU staff suggested that the reviewers examine another student from outside the program review sample to present a broader perspective of the online environment. This student (Nursing) was deemed to exhibit substantive interaction with her professor. A listing of the student names and course reviewed is included in Appendix E.

**Required Action:** The Provost & Vice President of Academic Affairs attended the distance education presentation. As a result of the deficiencies regarding the lack of substantive interaction, the Provost met with the Dean's Council and other interested parties to develop a comprehensive plan to improve the level of substantive interaction between distance education students and faculty. A Comprehensive Plan and Expectations of Faculty Teaching Online document was forwarded to the lead reviewer. This documentation presents a proactive and detailed plan to improve the level of substantive interaction moving forward. The Department accepts DSU's response to this finding. No further information is required.

#### **Finding 25: Return to Title IV (R2T4) Policy Inadequate**

**Citation:** 34 C.F.R. § 668.43 (a) states institutional information that must make readily available to enrolled and prospective students under this subpart includes, but is not limited to—

(4) A summary of the requirements under §668.22 for the return of Title IV grant or loan assistance.

The 2015-2016 Federal Student Aid Handbook, Volume 5, Chapter 1, pages 5-6 states, a school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Federal Student Aid he or she will retain, and how much he or she may have to return upon withdrawing. Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal Return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school charges that were previously paid by FSA funds might become a debit that the student will be responsible for paying.

**Noncompliance:** DSU provides student and parents with limited R2T4 and withdrawal information on its website.

In the Student Financial Assistance website under Withdrawals, the following information is provided –

“Student's should be aware that if they withdraw from the university after having received financial assistance, they might have to repay a portion of that assistance. Students who receive Federal Stafford Loans should also know that the Office of Student Financial Assistance is required to notify lenders of student withdrawals.”

DSU also publishes financial information in its 2015-2015 Undergraduate Catalog which includes the following -

#### **“REFUND OF FEES**

The term “refund” is defined as a reduction of total charges resulting from withdrawal or drop below full-time. A student who officially withdraws from the university, a full-time student who drops below 12 undergraduate hours or 9 graduate hours, or a part-time student who drops a class may obtain a refund of University Fees and certain Special Fees as follows:

1st day of classes through 10th day .....	100%
11th day of classes through end of semester .....	0%

The effective date of withdrawal for refund purposes and the return of Federal Financial Aid funds (see below) is the date on which the student begins the official withdrawal process. For unofficial withdrawals, the date becomes the midpoint of the semester, unless the university can document a later date of attendance. Notice of withdrawal, cancellation, and request for refund by a student must be made in writing addressed to the University Registrar, with a copy filed with Student Business Services. Any refund due the student at the time of withdrawal will be processed within three weeks.

**Return of Federal Financial Aid (Title IV) Funds.** Unearned Title IV loan or grant funds must be returned to the Title IV programs upon a recipient's withdrawal from school at any time during the first 60% of the semester. Refunds for these students are made according to the Higher Education Amendments, Section 484B, and are based on number of calendar days for each semester. If a student withdraws after completing more than 60% of the semester, it is assumed the student earned 100% of the Title IV aid for the period.

All refunds are made in the following priority order:

1. Unsubsidized Loan
2. Subsidized Loan
3. Perkins Loan
4. PLUS Loan
5. Pell Grant
6. ACG Grant
7. SMART Grant
8. SEOG Grant
9. Other sources of funds"

**Required Action:** DSU's current policy does not provide students and parents with adequate information about the applicable requirements of § 668.22. A summary of the missing/inadequate requirements are as follows:

- Explanation of the amount of unearned aid to be returned to the Department
- Information regarding post withdrawal disbursements
- Conditions under which a student may owe funds to the Department
- Deadline for the return of funds

In addition, DSU's R2T4 policy did not adequately address the following:

- Adequately explain the procedures for and financial consequences of withdrawing.
- Provide an estimate of the amount of aid the student may earn and an estimate of the amount the student may have to return. An example using student specific data would provide a clearer and more concise estimate.
- Adequately explain the interaction and distinction between GTCC's institutional refund policy and R2T4 policy.

In addition, DSU's Policies and Procedures manual did not adequately address the regulations discussed in the citation section of this finding. The Policies and Procedures should provide step by step information regarding the R2T4 administrative process with applicable screen shots for detailed instruction.

Finally, DSU should remove any reference to the Academic Competitiveness Grant (ACG) and SMART Grant. These programs are no longer funded by the Department.

**Required Action:** DSU must revise its R2T4 Policy/Procedures. The policy/procedures must adequately address each of the requirements outlined in the noncompliance section of this finding. In its response to this Program Review Report, DSU must submit a revised written R2T4 Policy/Procedure to the Department.

**Finding 26: Missing Policy/Procedure to Validate Questionable High School Diplomas**

**Citation:** The 2015-2016 Federal Student Aid Handbook, Volume 1, Chapter 1, pp. 6-7 states if your school or the Department has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, you must evaluate the validity of the student's high school completion. Students who indicate on their FAFSA that they graduated high school must give the name, city, and state of the high school. FAFSA on the Web will not allow students to skip these items, and it will have a drop-down list of both public and private high schools populated by the National Center for Education Statistics (NCES). Inclusion on the list does not mean that a diploma from the school is valid, nor does exclusion from the list mean that the diploma is invalid. Acceptable documentation for checking the validity of a student's high school completion can include the diploma and a final transcript that shows all the courses the student took.

Diplomas from unaccredited high schools can be valid and qualify students to receive FSA funds, as well as to meet college admission standards. One resource that a school may consider to determine if a high school diploma is valid is the Department of Education in the state in which the high school is located, if that department has jurisdiction over the high school. Colleges are also free to consult with each other as they develop their procedures for checking the validity of high school diplomas. For students who completed their secondary schooling outside the United States, comparable documents can help, as can the services of companies that determine the validity of foreign secondary school credentials.

The ISIR will not provide any more information than what the student submitted on the FAFSA. We do not expect you to check the high school data for every student against other information obtained by your school during admissions, but if you have reason to believe the high school diploma is dubious—e.g., the college knows the student bought the diploma or transcript and was required to perform little or no work—you must validate the diploma.

A student's self-certification is not sufficient to validate a high school diploma that is in question. It should be remembered that for a college to be an eligible institution, it must admit as regular students only those with a high school diploma or the recognized equivalent or who are beyond the age of compulsory school attendance. As in other areas of FSA administration, schools have final authority in meeting this requirement. The Department does not plan to have an appeal process or to intervene in reasonable judgments of school administrators, such as a decision to move a high school from a college's acceptable to unacceptable list or a case where one school has different lists than another.



A college diploma mill is an entity that:

1. Charges someone a fee and requires him to complete little or no education or coursework to obtain a degree, diploma, or certificate that may be used to represent to the general public that he has completed a program of postsecondary education or training; and
2. Lacks accreditation by an agency or association that is recognized as an accrediting body for institutions of higher education by the Secretary (pursuant to Part H, Subpart 2 of Title IV) or a federal agency, state government, or other organization that recognizes accrediting agencies or associations.

**Noncompliance:** DSU does not have a policy/procedure in place to check the validity of questionable high school diplomas.

**Required Action:** In response to this Program Review Report, DSU must draft a Questionable High School Diploma Review Policy/Procedure and submit a copy to the Department for review.

**Finding 27: Book Voucher Policy (Consumer Information) for Pell Recipients Inadequate**

**Citation:** 34 C.F.R. § 668.164 (i) states an institution must provide a way for a Federal Pell Grant eligible student to obtain or purchase, by the seventh day of a payment period, the books and supplies required for the payment period if, 10 days before the beginning of the payment period—

(i) The institution could disburse the Title IV, HEA program funds for which the student is eligible; and

(ii) Presuming the funds were disbursed, the student would have a credit balance under paragraph (e) of this section.

(2) The amount the institution provides to the Federal Pell Grant eligible student to obtain or purchase books and supplies is the lesser of the presumed credit balance under this paragraph or the amount needed by the student, as determined by the institution.

(3) The institution must have a policy under which a Federal Pell Grant eligible student may opt out of the way the institution provides for the student to obtain or purchase books and supplies under this paragraph.

(4) If a Federal Pell Grant eligible student uses the way provided by the institution to obtain or purchase books and supplies under this paragraph, the student is considered to have authorized the use of title IV, HEA funds and the institution does not need to obtain a written authorization under paragraph (d)(1)(iv) of this section and §668.165(b) for this purpose.



The 2015-2016 Federal Student Aid Handbook, Volume 4, Chapter 2, pp. 48, states a student may decline to participate (opt out) in the way a school provides for obtaining books and supplies. For instance, if a school provides a bookstore voucher, the student may opt out by not using the voucher. If the school provides the funds using a stored-value or prepaid debit card, the school must have a procedure through which the student may opt out. For example, a school may require a student to notify the school by a certain date so that the school does not unnecessarily issue a check to the student or transfer funds to the student's bank account. If the student opts out, the school may, but is not required to, offer the student another way to purchase books and supplies as long as it does not otherwise delay providing funds to the student as a credit balance.

A school is required to provide, in its financial aid information and in its notifications provided to students receiving FSA funds, information on the way the school provides for Federal Pell Grant eligible students to purchase required books and supplies by the seventh day of a payment period under certain conditions and how the student may opt out. The information must indicate whether the school will enter a charge on the student's account at the school for books and supplies or pay funds to the student directly. Also, during the aid counseling process, the school must explain to a student who qualifies for the funds advanced to purchase books and supplies how the method is handled at the school and how a student may opt out.

**Noncompliance:** DSU provides a way for a Federal Pell Grant eligible student to obtain or purchase, by the seventh day of a payment period, the books and supplies required for the payment period. DSU typically disburses prior to the start of a semester. As such, students who have a credit balance are forwarded funds to their campus card (OKRA Card) for use at the campus bookstore. DSU does not, however, provide adequate information on the way the school provides for federal Pell Grant eligible students to purchase required books and supplies by the seventh day of a payment period under certain conditions and how the student may opt out.

**Required Action:** DSU must enhance its consumer information to clearly advise students of the provision for Pell eligible students to purchase books and supplies up to seven days after the start of a payment period. In addition, DSU must revise its consumer information to include information regarding a student's option to opt out of charging books and supplies to their student account. In response to this Program Review Report, DSU must submit revised consumer information to the Department for review.

**Finding 28: Missing Policy/Procedure for Reviewing Subsequent Institutional Student Information Records (ISIR) after Packaging**

**Citation:** 34 C.F.R. § 668.16 states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution-

(4) Has written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary.

(f) Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews—

(1) All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant.

The 2015-2016 Student Aid Handbook, Application and Verification Guide, Chapter 5, page 125 states you are generally required to review all subsequent transactions for a student for the entire processing year even if you verified an earlier transaction. First determine if the EFC or the "C" flag has changed or if there are new comments or NSLDS information that impacts eligibility for aid. Also, check any updates or corrections. If the EFC has not changed and there are no changes in the "C" flag or NSLDS information, no action is generally required. If the EFC does change but it either doesn't affect the amount and type of aid received or the data elements that changed were already verified, no action is required. But if the EFC changes and the pertinent data elements were not verified, then you must investigate. Of course, any time the "C" flag changes or NSLDS data have been modified, you must resolve any conflicts.

**Noncompliance:** DSU staff was not able to provide the reviewers with a policy/procedures document that outlined the process of reviewing subsequent ISIRs. The review team was not able to verify if the ISIR reviews were performed.

**Required Action:** DSU must develop a subsequent (after packaging) ISIR Policy/Procedures document that addresses the issue discussed in the noncompliance section of this finding. In response to this Program Review Report, DSU must submit the Subsequent ISIR Policy/Procedures document to the Department for review.

#### **Finding 29: Missing Consumer Information Requirements**

**Citation:** 34 C.F.R. § 668.42 states information on financial assistance that the institution must publish and make readily available to current and prospective students under this subpart includes, but is not limited to, a description of all the Federal, State, local, private and institutional student financial assistance programs available to students who enroll at that institution.

(4) The institution must describe the terms and conditions of the loans students receive under the Federal Family Education Loan Program, the William D. Ford Federal Direct Student Loan Program, and the Federal Perkins Loan Program.

(b) For each program referred to in paragraph (a) of this section, the information provided by the institution must describe—

(3) The criteria for selecting recipients from the group of eligible applicants; and

(4) The criteria for determining the amount of a student's award.

(c) The institution must describe the rights and responsibilities of students receiving financial assistance and, specifically, assistance under the title IV, HEA programs. This description must include specific information regarding—

(3) The **method** by which financial assistance disbursements will be made to the students and the frequency of those disbursements;

(4) **The terms of any loan received by a student** as part of the student's financial assistance package, a sample loan repayment schedule for sample loans and the necessity for repaying loans;

(b) The institution must make available for review to any enrolled or prospective student upon request, a copy of the documents describing the institution's accreditation and its State, Federal, or tribal approval or licensing. The institution must also provide its students or prospective students **with contact information for filing complaints** with its accreditor **and with its State approval or licensing entity** and any other relevant State official or agency that would appropriately handle a student's complaint.

34 C.F.R. § 668.6 (b) (2) states for each program offered by an institution under this section, the institution must provide prospective students with— reporting and disclosure requirements for programs that prepare students for gainful employment in a recognized occupation.- states in accordance with procedures established by the Secretary an institution must report information

(2) For each program, the institution must—

(i) Include the information required under paragraph (b)(1) of this section in promotional materials it makes available to prospective students and post this information on its Web site;

(iv) **use the disclosure form issued by the Secretary to provide the information in paragraph (b)(1), and other information, when that form is available.**

**Noncompliance:** DSU did not provide information or did not provide adequate information for the items listed in the citation section of this finding.

**Required Action:** DSU must enhance its consumer information to include the items mentioned in the noncompliance section of this finding. In response to this Program Review Report, DSU must submit documentation attesting to the publication of the required consumer information.

**Finding 30: Failure to Participate in Transfer Monitoring**

**Citation:** 34 C.F.R. § 668.16 states that to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section.

34 C.F.R. § 668.16 (o) states the Secretary considers an institution to have that administrative capability if the institution participates in the electronic processes that the Secretary—

- (1) Provides at no substantial charge to the institution; and
- (2) Identifies through a notice published in the Federal Register

The 2012-2013 Federal Student Aid Handbook states schools must be able to use the FSA electronic processes to be considered administratively capable of participating in the FSA programs. To be in compliance with the administrative capability requirements of 34 C.F.R. § 668.16(o), a school must:

- submit to the National Student Loan Data System (NSLDS) the school's Federal Perkins Loan data, student enrollment records, FSA program overpayments, **NSLDS transfer student monitoring records**, and Gainful Employment program records (if applicable): <https://www.nsldsfa.gov/secure/logon.asp>

Dear Colleague Letter GEN-01-09 introduced the requirement for schools to obtain financial aid history information for transfer students by utilizing the Transfer Monitoring Process.

The 2012-2013 Federal Student Aid Handbook, Volume 2, Chapter 3, pp. 47 states a school must consider a student's financial aid history in making FSA program awards. The regulations require that schools use NSLDS data to obtain information about a student's financial aid history.

To receive a student's financial aid history, your school must register for the Transfer Student Monitoring Process. Through this process, NSLDS will monitor a transfer student's financial aid history and alert you to any relevant changes—other than the default and overpayment information reported in the post screening process—that may affect the student's current award(s).

You must send NSLDS identifying information (or enter it online) for students transferring to your school so that NSLDS can use transfer monitoring to notify you of changes to their

financial aid history. You may send information for students who have expressed an interest in attending your school even if they have not yet formally applied for admission.

**Noncompliance:** DSU is not currently participating in the Department's Transfer Monitoring Process. Per the citation section of this finding, an institution is deemed administratively capable of administering Title IV aid if the institution participates in the Department's electronic processes. DSU's failure to participate in Transfer Monitoring indicates a lack of administrative capability.

**Required Action:** DSU must sign up as a participant in the Transfer Monitoring Process by setting up a school profile. Once established, DSU must submit documentation to the Department demonstrating participation. In addition, DSU must update its policies and procedures to include Transfer Monitoring. This policy/procedure must be submitted to the Department in DSU's response to this Program Review Report.

**Finding 31: Lack of Administrative Capability**

**Citation:** 34 C.F.R. § 668.16 states to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

(a) Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA;

(3) Communicates to the individual designated to be responsible for administering Title IV, HEA programs, all the information received by any institutional office that bears on a student's eligibility for Title IV, HEA program assistance; and

(4) Has written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary;

(c)(1) Administers Title IV, HEA programs with adequate checks and balances in its system of internal controls; and

(d)(1) Establishes and maintains records required under this part and the individual Title IV, HEA program regulations.

(e) For purposes of determining student eligibility for assistance under a Title IV, HEA program, establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational



program. The Secretary considers an institution's standards to be reasonable if the standards are in accordance with the provisions specified in §668.34.

(i) Has provided all program and fiscal reports and financial statements required for compliance with the provisions of this part and the individual program regulations in a timely manner;

(j) Shows no evidence of significant problems that affect, as determined by the Secretary, the institution's ability to administer a Title IV, HEA program and that are identified in—

(1) Reviews of the institution conducted by the Secretary, the Department of Education's Office of Inspector General, nationally recognized accrediting agencies, guaranty agencies as defined in 34 CFR part 682, the State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or any other law enforcement agency; or

(n) Does not otherwise appear to lack the ability to administer the Title IV, HEA programs competently;

(o) Participates in the electronic processes that the Secretary—

(1) Provides at no substantial charge to the institution; and

(2) Identifies through a notice published in the FEDERAL REGISTER; and BA?4QSaH

(p) Develops and follows procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education.

**Noncompliance:** The citation section of this finding outlines several areas that the reviewers determined were indicative of impaired administrative capability.

**Required Action:** Based on the results of the review, the Department has concerns regarding DSU's ability to administer the Title IV programs. DSU must provide the Department with the required actions requested for each applicable finding listed in the Program Review Report. Continued evidence of a lack of administrative capability may result in a referral to the Department's Administrative Actions and Appeals Services Group.



**Recommendations:**

1. DSU's financial aid office does not fully utilize the automation offered by the BANNER financial aid management system. Primary areas of underutilization include SAP processing, R2T4 calculations and the tracking of the last date of attendance for unofficial withdrawals. DSU should engage its information technology staff in an effort to evaluate BANNER functionality and implement greater utilization.

2. DSU staff should conduct a thorough review of web and hard copy publications to remove inaccuracies. The review team discovered inclusion of information regarding discontinued financial aid programs, references using old dates (over ten years), etc.
3. Discussions with DSU staff revealed that students who officially withdraw from the University do not typically have a timely R2T4 because the student is responsible for delivering the paperwork to the financial aid office for a signature. DSU should implement a measure to require the Registrar to notify the financial aid office once a student completes his/her official withdrawal paperwork. The timeliness of R2T4 calculations for official withdrawals is enhanced through inter departmental communication.