
Metropolitan Community College's Administration of the Title IV Programs

FINAL AUDIT REPORT



ED-OIG/A07K0003
May 2012

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U.S. Department of Education
Office of Inspector General

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES
Chicago/Kansas City Audit Region

May 15, 2012

Mr. Randy Schmailzl
President
Metropolitan Community College
North 30th Street and Fort Street, Building 30
Omaha, NE 68111

Dear Mr. Schmailzl:

Enclosed is our final audit report, Control Number ED-OIG/A07K0003, titled "Metropolitan Community College's Administration of the Title IV Programs." This report incorporates the comments that Metropolitan Community College (Metropolitan) provided in response to the draft of this audit report. If Metropolitan has any additional comments or information that it believes might have a bearing on the resolution of this audit, it should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this audit:

James Runcie
Chief Operating Officer
Federal Student Aid
U.S. Department of Education
Union Center Plaza, Room 112G1
830 First Street, N.E.
Washington, D.C. 20202

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of any additional comments within 30 days would be appreciated.

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

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General for Audit

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Acronyms, Abbreviations, and Short Forms Used in this Report

ACTT	Association of Classroom Teacher Testers
ATB	Ability to Benefit
CELSA	Combined English Language Skills Assessment
C.F.R.	Code of Federal Regulations
COO	Chief Operating Officer
Department	U.S. Department of Education
Direct Loan	William D. Ford Federal Direct Loan
ECAR	Eligibility and Certification Approval Report
ESL	English as a Second Language
FAFSA	Free Application for Federal Student Aid
FFEL	Federal Family Education Loan
FR	Federal Register
FSA	Federal Student Aid
FSEOG	Federal Supplemental Educational Opportunity Grant
FWS	Federal Work-Study
GED	General Educational Development
Metropolitan	Metropolitan Community College
Pell	Federal Pell Grant
SAP	Satisfactory Academic Progress
Title IV	Title IV of the Higher Education Act of 1965, as amended
U.S.C.	United States Code

EXECUTIVE SUMMARY

The objectives of our audit were to determine whether Metropolitan Community College (Metropolitan), located in Omaha, Nebraska, complied with selected provisions of Title IV of the Higher Education Act of 1965, as amended (Title IV), and selected requirements governing (1) ability to benefit (ATB), (2) satisfactory academic progress (SAP), (3) remedial coursework, (4) program eligibility, (5) Federal Work-Study (FWS) disbursements, (6) return of Title IV aid, and (7) calculation of retroactive disbursements. Our audit covered the period July 1, 2009, through March 31, 2010 (first three quarters of award year 2009-2010). During this period, Metropolitan disbursed approximately \$27.4 million in Title IV funds on behalf of 7,190 students. Beginning in this award year, a portion of the funding for the Federal Pell Grant (Pell) and FWS programs was provided under the American Recovery and Reinvestment Act of 2009.

We identified instances of noncompliance with selected Title IV requirements by Metropolitan in all seven of our audit objectives. Metropolitan—

1. Did not (a) establish the eligibility of students who did not indicate on their Free Application for Federal Student Aid (FAFSA) that they had a high school diploma or its equivalent and (b) properly administer ATB tests, resulting in the improper disbursement of \$73,874 to students whose records we reviewed.
2. Disbursed \$12,212 in Title IV funds to 6 of the 40 students in our sample who did not satisfy the requirements for SAP. We estimate that Metropolitan improperly disbursed between \$350,000 and \$4,000,000 in Title IV funds to students who did not satisfy the requirements for SAP during the first three quarters of award year 2009-2010.¹
3. Disbursed \$26,989 in Title IV funds to 25 students who exceeded the maximum number of allowable credit hours of remedial coursework.
4. Did not ensure students were enrolled in an eligible program prior to disbursement of Title IV funds, resulting in the improper disbursement of \$88,086 in Title IV funds.
5. Did not administer the FWS program in accordance with the Title IV requirements, resulting in the improper payment of \$21,238.²
6. Did not properly perform return of Title IV aid calculations, resulting in it improperly retaining \$8,074 for 18 students in our samples. We estimate that Metropolitan

¹ Based on statistical sampling techniques, we are 90 percent confident of these results.

² The \$21,238 consists of \$17,886 improperly paid to FWS recipients employed at 6 of the 15 private, nonprofit entities and \$4,078 improperly paid to 14 of the 25 students in our sample, less \$726 included in both categories.

improperly retained between \$248,000 and \$523,000 in Title IV funds during the first three quarters of award year 2009-2010.³

7. Did not return Title IV funds timely for 4 of the 8 returns made (50 percent) for the 28 instances in our 3 samples of students' withdrawals or potential withdrawals.
8. Did not calculate retroactive disbursements based on credit hours completed, resulting in 5 of the 27 students in our sample (19 percent) improperly receiving \$2,445 in Pell funds.

We recommend that the chief operating officer (COO) for Federal Student Aid (FSA) require Metropolitan to (1) return \$224,844 in Title IV funds disbursed in excess of what students were eligible to receive and \$8,074 in Title IV funds that it improperly retained, (2) review the records for students who were not included in our samples and return all Title IV funds that were improperly disbursed, and (3) ensure that its personnel are adequately trained in the administration of the Title IV programs.

We provided a draft of this report to Metropolitan for review and comment on November 30, 2011. Metropolitan disagreed with Finding Nos. 1, 2, 4, 6, and 7. It agreed with Finding Nos. 3 and 8 and partially agreed with Finding No. 5. Of the 23 recommendations that we made in the draft of this report, Metropolitan agreed or partially agreed with 15.

Based on our analysis of Metropolitan's comments and additional documentation that it submitted with its comments, we made minor revisions to Finding Nos. 1, 4, and 7. We also revised one recommendation and removed one other recommendation.

The entire narrative of Metropolitan's comments, dated January 13, 2012, is included as an Appendix. We did not include the additional documentation that Metropolitan referred to in its comments because it was voluminous and contained personally identifiable information. Copies of Metropolitan's additional documentation, less any personally identifiable information protected under the Privacy Act of 1974 (5 U.S.C. § 552a) or other information exempt under the Freedom of Information Act (5 U.S.C § 552b), are available upon request.

³ Based on statistical sampling techniques, we are 90 percent confident of these results.

BACKGROUND

Metropolitan Community College (Metropolitan) is a public community college. It was founded in 1974 as Metropolitan Technical Community College and was renamed Metropolitan Community College in 1992.

Metropolitan is accredited by The Higher Learning Commission. It offers more than 100 programs in career and technical areas, including 24 associate's degree programs, 16 certificate programs, and 3 specialist diploma and certification programs that are delivered online. During the period July 1, 2009, through June 30, 2010 (award year 2009-2010), 30,231 students were enrolled in courses for credit. According to the director of financial aid and veteran services, as of April 2010, about 80 percent of the students were enrolled in at least one online course, and 10 to 15 percent of the students were enrolled solely in online courses.

Metropolitan used a course management and collaboration Web site to deliver its online courses. Metropolitan used this Web site to create virtual learning environments for online learning. Academic activity for online courses, such as discussions, assignments, quizzes, and grades for particular assignments, were documented by posting on this Web site. In this report, we refer to this Web site as Metropolitan's "online courses Web site."

Metropolitan documented student information through an advanced enterprise resource planning solution designed specifically for higher education. Metropolitan used this solution to maintain student academic and financial aid records; process course registrations; maintain grades; monitor student academic progress; perform award calculations; record disbursements of Title IV of the Higher Education Act of 1965, as amended (Title IV) funds; and calculate return of Title IV aid. In this report, we refer to this solution as Metropolitan's "higher education software."

Attendance Policies

The State of Nebraska did not require institutions of higher education to take attendance. However, Metropolitan chose to take attendance and used each student's last date of attendance as the withdrawal date when calculating return of Title IV aid. Metropolitan considered a student to be attending an online course if course activity for the student was documented by being posted on its online courses Web site. However, Metropolitan did not consider a student's simply logging into the online courses Web site to constitute attendance.

Effective August 29, 2009, Metropolitan implemented new policies and procedures for identifying students who did not begin attendance or who unofficially withdrew. Metropolitan's instructors continued to take attendance, but Metropolitan began to determine a student's enrollment status as of a census date, which was 2 to 3 weeks after the start of each quarter. Metropolitan published the census date for each quarter in its financial aid calendar and used the census date to determine whether students started attending their courses for the quarter. Students without attendance in courses as of the census date were dropped from those courses. The student's enrollment status as of the census date was used to determine whether Title IV funds could be disbursed.

Table 1 lists the different grades or status codes that Metropolitan used to identify students who did not begin attendance or who officially or unofficially withdrew.

Table 1. Grades or Status Codes

Grades or Status Codes*	Definition
WX	Student never attended the course.
W	Student officially withdrew from the course.
IW	Instructor withdrawal of student who stopped attending a course without notification (unofficial withdrawal).
FX	Instructor withdrawal of student who unofficially withdrew from the course. It is an F grade due to lack of attendance.

* IW was used prior to fall 2009 quarter. WX and FX were used starting with the fall 2009 quarter.

If a student did not attend an on campus or online course prior to the census date, the student was dropped from that course and received a WX status for the course. For students who had engaged in online activity prior to the census date, instructors were responsible for determining whether the activity was academically related. If the activity was not academically related, the instructor assigned a WX status to those students, which resulted in the students being dropped from the courses. The online courses Web site automatically dropped students who were enrolled in online courses but had not logged into their course before the census date, resulting in a WX status.

Instructors were required to use an FX grade to identify students who stopped attending their courses after the census date without officially withdrawing. Instructors reported FX grades at the end of the quarter and were required to record the last date of attendance for students with an FX grade.

Ability to Benefit Tests

If a student did not have a high school diploma or its equivalent, Metropolitan admitted the student based on his or her ability to benefit (ATB). Metropolitan’s staff administered ATB tests in assessment centers at each of its seven locations. Metropolitan’s assessment centers used four ATB tests approved by the U.S. Department of Education (Department): COMPASS, COMPASS English as a Second Language (ESL), ASSET, and “Combined English Language Skills Assessment” (CELSA).⁴ The COMPASS ESL and CELSA tests were used only for ESL students. The CELSA test was offered only at Metropolitan’s South Omaha Campus, and Metropolitan discontinued using it for ATB purposes starting on July 1, 2010.

Federal Funding

The purpose of the programs authorized by Title IV is to provide loans, grants, and work study financial assistance to students to meet the costs of attending eligible institutions of higher education. During award year 2009-2010, Metropolitan participated in six Title IV programs: Federal Pell Grant (Pell), Federal Family Education Loan (FFEL), William D. Ford Federal Direct Loan (Direct Loan), Federal Work-Study (FWS), Federal Supplemental Educational Opportunity Grant (FSEOG), and Academic Competitiveness Grant. Metropolitan received about 94 percent of its Title IV funding through the following three programs—

⁴ COMPASS and ASSET are registered trademarks of ACT, Inc.

- Pell. This program provides grants to the most financially needy students. The amounts of the grants are subject to annual maximums and minimums and are calculated based on the student’s expected family contribution, enrollment status, and cost to attend the institution.
- FFEL. This program encouraged private lenders to make loans available to students and their parents. The loans are guaranteed by the Federal government against default and are subject to annual and aggregate limits. The loans are subsidized or unsubsidized, depending on financial need. For subsidized loans, the Federal government pays the interest while a student is in school, as well as during grace and deferment periods. For unsubsidized loans, the borrower is responsible for the interest. The Health Care and Education Reconciliation Act of 2010 (Pub. Law 111-152), enacted on March 30, 2010, ended the origination of FFEL Program loans after June 30, 2010. Beginning July 1, 2010, all Stafford, PLUS, and consolidation loans (the three types of loans under the FFEL Program) originate through the Direct Loan Program.
- FWS. This program provides part-time employment to students who need earnings to meet their cost of attendance and encourages students receiving FWS assistance to participate in community service work and work related to their program of study.

Table 2 summarizes the amounts of Title IV funds that Metropolitan disbursed during award year 2009-2010. Beginning in this award year, a portion of the funding for the Pell and FWS programs was provided under the American Recovery and Reinvestment Act of 2009.

Table 2. Title IV Funding Disbursed During Award Year 2009-2010

Title IV Program	Funding*
Pell	\$21,531,722
FFEL - Unsubsidized Stafford Loan	\$ 4,625,757
FFEL - Subsidized Stafford Loan	\$ 4,251,663
Direct Loans - Subsidized Stafford Loan	\$ 1,143,413
Direct Loan - Unsubsidized Stafford Loan	\$ 691,756
FWS	\$ 320,756**
FSEOG	\$ 239,715**
FFEL - PLUS	\$ 24,003
Academic Competitiveness Grant	\$ 21,183
Total	\$32,849,968
*We obtained the Title IV funding information from the Federal Student Aid Data Center Web site.	
** FSEOG and FWS amounts are amounts awarded, not disbursed.	

AUDIT RESULTS

During the first three quarters of award year 2009-2010 (July 1, 2009, through March 31, 2010), Metropolitan did not always comply with the requirements governing the Title IV programs. We identified instances of noncompliance by Metropolitan in all seven of our audit objectives: (1) ATB, (2) satisfactory academic progress (SAP), (3) remedial coursework, (4) program eligibility, (5) FWS disbursements, (6) return of Title IV aid, and (7) calculation of retroactive disbursements. For 123 of the 242 students included in our samples, the instances of noncompliance resulted in Metropolitan's improperly disbursing \$224,844 in Title IV funds and retaining approximately \$8,074 that it should have returned.

Metropolitan disagreed with Finding Nos. 1, 2, 4, 6, and 7. Metropolitan agreed with Finding Nos. 3 and 8 and partially agreed with Finding No. 5. Of the 23 recommendations that we made in the draft of this report, Metropolitan agreed or partially agreed with 15. We summarized the comments at the end of each finding and included the entire narrative of the comments as an Appendix.

FINDING NO. 1 – Student Eligibility Not Established Prior to Disbursing Title IV Funds

Metropolitan did not establish that students had a high school diploma or its equivalent or passed an approved ATB test that was properly administered prior to disbursing \$73,874 in Title IV funds.⁵ Metropolitan did not—

- Provide support showing that students who were disbursed Title IV funds had a high school diploma or its equivalent or passed an approved ATB test; and
- Ensure that the CELSA test, used to establish student eligibility based on ATB, was properly administered.

To receive Title IV funds, students must be qualified to study at the postsecondary level. According to Federal regulations, students who have a high school diploma or its equivalent, passed an approved ATB test, or completed homeschooling at the secondary level meet this qualification.

Lack of Support for Student Eligibility

Metropolitan could not support that all of its students were eligible when it disbursed their Title IV funds. We randomly selected 30 of the 274 students who were disbursed Pell or FWS funds, or both, and indicated on their 2009-2010 Free Application for Federal Student Aid (FAFSA) that they did not have a high school diploma or its equivalent. We reviewed

⁵ The \$73,874 consists of \$25,222 disbursed to students for whom Metropolitan could not support that they had a high school diploma or its equivalent, or received a passing score on their ATB tests, plus \$62,357 disbursed to students who were improperly administered the CELSA test, less \$8,472 disbursed to students in both categories of noncompliance and \$5,233 that Metropolitan already returned.

Metropolitan’s records for (1) copies of high school diplomas, (2) copies of General Educational Development (GED) certificates, or (3) self-certification forms. We found that Metropolitan—

- Did not have documentation in three students’ files (10 percent) showing that they had a high school diploma or GED, received passing scores on an ATB test, or were home-schooled.
- Certified the eligibility of two students (7 percent) based on ATB test scores but could not locate the students’ testing records.

Metropolitan improperly disbursed \$25,222 to these five students. We estimate that Metropolitan disbursed between \$42,000 and \$406,000 in Title IV funds to students for whom it maintained no evidence of a high school diploma or its equivalent or a passing score on an ATB test.⁶

According to 34 C.F.R. § 668.32⁷—

A student is eligible to receive title IV, HEA program assistance if the student—

.

- (e)(1) Has a high school diploma or its recognized equivalent;
- (2) Has obtained a passing score specified by the Secretary on an independently administered test in accordance with subpart J of this part; [or]

.

- (4) Was home-schooled

According to 34 C.F.R. § 668.151(g)—

An institution shall maintain a record for each student who took a test under this subpart of—

- (1) The test taken by the student;
- (2) The date of the test; and
- (3) The student's scores as reported by the test publisher, assessment center, or

State.

Students Ineligible Because ATB Test Was Improperly Administered

Metropolitan’s South Omaha Campus assessment center did not properly administer the CELSA test, which was used to determine whether ESL students were eligible for Title IV funds under the ATB provisions (34 C.F.R. Part 668, Subpart J). Metropolitan disbursed Title IV funds to 16 students based on their obtaining passing scores on the CELSA test. However, none of the 16 students were eligible to receive Title IV funds because the assessment center did not administer the CELSA tests in accordance with Federal ATB regulations and the test publisher’s instructions. Metropolitan disbursed \$62,357 in Title IV funds to these 16 ineligible students.

⁶ Based on statistical sampling techniques, we are 90 percent confident of these results.

⁷ All regulatory citations are to the July 1, 2009, volume unless otherwise noted.

The CELSA test is published by the Association of Classroom Teacher Testers (ACTT). ACTT required test administrators to be certified. Test administrators were required to complete a form and submit it to ACTT to receive certification. On the form, test administrators had to provide information regarding their educational background and years of experience as test administrators.

The assessment center employed eight test administrators who administered the CELSA tests to students from July 2000 through April 2010. Six of the eight test administrators were not certified by ACTT to administer the tests. Also, the assessment center did not electronically score the CELSA tests as required by ACTT. For 8 of the 16 students, the assessment center manually scored the tests. For five of those eight students, the assessment center did not ensure that the tests were administered by certified test administrators. For the remaining eight students, the assessment center was unable to provide official test scores.⁸

According to 34 C.F.R. § 668.152(a)(1), “If a test is given by an assessment center, the assessment center shall properly administer the test as described in § 668.151(d).” According to 34 C.F.R. § 668.151—

(a)(1) To establish a student’s eligibility for Title IV, HEA program funds under this subpart, if a student has not passed an approved state test, under § 668.143, an institution must select a certified test administrator to give an approved test.

.

(d) The Secretary considers that a test is properly administered if the test administrator—

.

(2) Administers the test in accordance with instructions provided by the test publisher, and in a manner that ensures the integrity and security of the test

Also, institutions are required to maintain tests and test scores for students admitted under the ATB provisions (34 C.F.R. § 668.151(g)).

The “Test Administrator’s Manual & Technical Guide for Ability to Benefit,” published by ACTT, states, “The CELSA may only be given by the Test Administrators certified by the Association of Classroom Teacher Testers.” It also states, “Hand scoring the test is not allowed for ability to benefit purposes.” Tests that are not administered in accordance with ACTT’s instructions are not valid for ATB purposes.

⁸ Two of the eight students without official test scores are also included in the nine students who did not have documentation to support that they had a high school diploma or its equivalent or received a passing ATB test score. Those two students received \$8,472 in Pell.

Because Metropolitan did not establish that students had a high school diploma or its equivalent or passed an approved ATB test that was properly administered, Metropolitan improperly disbursed \$73,874 in Title IV funds to 19 students.⁹

RECOMMENDATIONS

We recommend that the chief operating officer (COO) for Federal Student Aid (FSA) require Metropolitan to—

- 1.1 Return to the Department or to FFEL Program lenders, as appropriate, \$57,124 in Title IV funds disbursed to 16 students who took an improperly administered CELSA test.¹⁰
- 1.2 Return to the Department or to FFEL Program lenders, as appropriate, \$16,750 in Title IV funds disbursed to the three students in our sample who did not have a high school diploma or its equivalent or who did not pass an ATB test.¹¹
- 1.3 Review its records for the 236 students whose records we did not review,¹² determine whether it has records to support that the students had a high school diploma or its equivalent or passed an ATB test, identify the amount of Title IV funds that it improperly disbursed to those students for whom it did not have sufficient support, and return the funds to the Department or to FFEL Program lenders, as appropriate.

Metropolitan Comments

Metropolitan disagreed with the finding and Recommendations 1.1 and 1.2. Although it stated that the CELSA specified testing protocols were not followed, Metropolitan disagreed that it should return \$57,124 in Title IV funds. Metropolitan stated that 14 of the 16 students achieved passing scores on the CELSA test despite the fact that the tests were scored manually. Only two students had less than the minimum CELSA score required to establish ATB as outlined in the regulations. Metropolitan ceased using the CELSA test as an ATB test immediately following the audit period but stated that the tests and corresponding passing scores were valid for the period in question. Certification of test administrators was not required until award year 2011-2012.

Metropolitan also disagreed that seven students did not have a high school diploma or its equivalent or did not pass an ATB test. Metropolitan is an open enrollment institution which

⁹The 19 students consist of 5 students (from our sample of 30) for whom Metropolitan did not provide evidence of eligibility plus 16 students whose CELSA tests were not properly administered, less 2 students who are included in both categories.

¹⁰ The \$57,124 consists of \$62,357 less \$5,233 that Metropolitan already has returned to the Department and FFEL Program lenders. The \$57,124 consists of \$2,239 in Subsidized Stafford Loans; \$54,135 in Pell; and \$750 in FSEOG.

¹¹Of the five students for whom Metropolitan did not have documentation supporting a high school diploma or its equivalent, or successful completion of an ATB test, three students are included in this recommendation. The remaining 2 students were included in the 16 students who were not properly administered the CELSA test. The \$16,750 consists of \$4,111 in Subsidized Stafford Loans; \$12,039 in Pell; and \$600 in FSEOG.

¹² The 236 students consist of 274 students from the FAFSA universe less 30 students in the FAFSA sample and 8 students from the CELSA universe who were also in the FAFSA universe.

does not require a high school transcript or verification of high school completion before enrollment into classes. High school completion or equivalency is monitored through the financial aid office for students who are applying for Title IV funds. Of the seven students included in the recommendation, Metropolitan stated it has verified that five students had a high school diploma or GED or met the ATB requirements.

Metropolitan agreed that it should review its records and return the amount of Title IV funds improperly disbursed to students without support of having a high school diploma or its equivalent or passing an ATB test (Recommendation 1.3). Metropolitan stated that it reviewed all students who had indicated on their FAFSA for the audit period that they did not possess a high school diploma or equivalency. Metropolitan stated that all deficiencies noted were resolved through updated documentation from students by the end of award year 2009-2010.

OIG Response

We did not revise the finding related to the administration of the CELSA test. We also did not revise Recommendation 1.1.

Our review of student records showed that only 6, not 14, of the 16 students received passing scores on the CELSA test. Regardless of any students' achievement of passing scores on the CELSA test, the scores were not valid for ATB purposes. During our audit period, 34 C.F.R. § 668.151 required Metropolitan to administer all ATB tests in accordance with instructions provided by the test publisher. ACTT, the CELSA test publisher, did not allow the test to be hand scored. ACTT also required that the CELSA test be given only by test administrators whom it had certified. Because Metropolitan did not follow the requirements for administering the CELSA test, the test scores were not valid for ATB purposes and could not be used to establish students' eligibility to receive Title IV funds. Although Metropolitan is no longer using the CELSA test for ATB purposes, FSA still should require it to return Title IV funds previously disbursed to students who were improperly administered the CELSA test.

We revised the finding and the amount recommended for recovery in Recommendation 1.2 based on additional documentation that Metropolitan provided. We acknowledge that students could self-certify that they had obtained a high school diploma or GED certificate. During our testing, we determined that nine students did not have a high school diploma or its equivalent or did not pass an ATB test. Two of the students were included in the 16 students in Recommendation 1.1. For the other seven students, at the time of our audit, Metropolitan did not provide any documentation, such as self-certification forms, to support that the students had a high school diploma or its equivalent or that they passed an ATB test. Along with its comments on the draft of this report, Metropolitan provided self-certification forms and high school transcripts for four of the seven students. Those documents established that the students were eligible to receive Title IV funds during the audit period. For a fifth student, Metropolitan provided GED test scores. However, the GED test scores were issued to the student after our audit period. Metropolitan did not provide additional documentation to support that the student was eligible to receive Title IV funds during our audit period.

We did not revise Recommendation 1.3. Metropolitan did not provide additional documentation showing that it completed its review of the remaining 236 files and resolved deficiencies that it identified. Metropolitan also did not provide any additional information showing that it returned

any Title IV funds that it improperly disbursed to students for whom it did not have sufficient support that they had a high school diploma or its equivalent or passed an ATB test.

FINDING NO. 2 – Title IV Funds Disbursed to Students Who Did Not Maintain Satisfactory Academic Progress

Metropolitan did not ensure that students were maintaining SAP prior to disbursing Title IV funds. A student is eligible to receive Title IV funds only if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress. Metropolitan's policy was to review SAP at the end of each quarter. It used this review to determine the student's eligibility to receive Title IV funds for the following quarter. Metropolitan was to place students in one of four SAP statuses: (1) good standing, (2) automatic probation, (3) suspension, or (4) probation appeal. Students in a SAP suspension status were to be suspended from receiving Title IV funds until they met all SAP requirements.

We randomly selected 40 students from the universe of 7,190 students who were disbursed Pell funds during the audit period. We concluded that 6 students (15 percent) did not maintain SAP and were improperly disbursed \$12,212 in Title IV funds.

- Three students did not meet SAP in the quarter in which they last attended prior to the period June 5, 2009, through May 26, 2010 (academic year 2009-2010). All three students should have been placed in suspension status at the beginning of the summer 2009 quarter because they failed the quantitative section of Metropolitan's SAP policy by not meeting the minimum completion rate for courses attempted.
- Two students were granted a SAP appeal during a prior quarter but did not meet the conditions of their appeal during the quarter in which the appeal was applicable.
- One student did not meet SAP for two consecutive quarters during our audit period.

We estimate that Metropolitan disbursed between \$350,000 and \$4,000,000 in Title IV funds to ineligible students.¹³

According to 34 C.F.R. § 668.32(f), "A student is eligible to receive title IV, HEA program assistance if the student . . . [m]aintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress"

In academic year 2009-2010, Metropolitan began using its higher education software to monitor whether students met all SAP requirements. The higher education software required Metropolitan to create rules for assigning the student's SAP status (good standing, probation, or suspension). If an appeal for a student in suspension status was granted, the student would be assigned a probation appeal status. However, Metropolitan did not ensure that its SAP rules were properly established in the higher education software. The SAP rules in the higher education software that should have prevented the assignment of repeated probation statuses did not work properly. Also, the SAP rules checked on a student's progress only for the prior

¹³ Based on statistical sampling techniques, we are 90 percent confident of these results.

quarter. If a student did not attend during the prior quarter, the higher education software would incorrectly determine that the student met all SAP requirements.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 2.1 Return to the Department or to FFEL Program lenders, as appropriate, \$12,212 in Title IV funds disbursed to the six students in our sample who did not meet the SAP requirements.¹⁴
- 2.2 Review its records for students who were disbursed Title IV funds during award year 2009-2010, excluding the files for the students in our sample, identify the amount of Title IV funds that were improperly disbursed to students who did not meet the SAP requirements, and return to the Department or to FFEL Program lenders, as appropriate, the improperly disbursed funds.
- 2.3 Ensure that SAP rules are properly established in its higher education software and regularly verify that the higher education software is correctly assigning SAP statuses.

Metropolitan Comments

Metropolitan disagreed that six students received Title IV funds without meeting all SAP requirements. Metropolitan also disagreed that it should review its files for other students who received Title IV funds without meeting all SAP requirements and return those funds to the Department or FFEL Program lenders, as appropriate. Metropolitan explained that documentation for five of the six students was not readily available at the time of the audit because of a transition to document imaging. Therefore, of the 40 students in the audit sample, only 1 had SAP incorrectly calculated, resulting in an overaward of \$370.

Metropolitan agreed that it should ensure that SAP rules are properly established in its higher education software. It also agreed that it should regularly verify that the higher education software is correctly assigning SAP statuses. Metropolitan explained that, during the audit period, there were minor anomalies in the rules governing SAP calculations. Metropolitan since has corrected the rule in the higher education software that affected SAP statuses. More stringent testing of the rules should eliminate future errors and ensure the accuracy of SAP calculations.

OIG Response

We did not revise the finding or recommendations. We reviewed SAP status histories and SAP appeals that Metropolitan provided in response to Recommendations 2.1 and 2.2. For five of the six students, the documentation that Metropolitan provided was the same as the documentation that we reviewed during our testing. For one of the six students, Metropolitan provided a SAP appeal that we had not reviewed.

¹⁴ The \$12,212 consists of \$472 in Unsubsidized Stafford Loans; \$2,825 in Subsidized Stafford Loans; and \$8,916 in Pell (difference is due to rounding).

During our testing, we determined that the six students did not meet all SAP requirements for one or more quarters during the audit period. The documentation that Metropolitan provided in response to Recommendations 2.1 and 2.2 did not support that the students met all SAP requirements or had an approved SAP appeal during the particular quarters we identified during our testing.¹⁵ The SAP appeals that Metropolitan provided were not for the quarters for which we had determined that the students were not meeting the SAP requirements.

FINDING NO. 3 – Title IV Funds Disbursed to Students Who Had Exceeded the Maximum Number of Remedial Credit Hours

Metropolitan disbursed Title IV funds to students who had exceeded the maximum allowable number of remedial credit hours. According to Federal regulations, an institution may consider a maximum of 45 quarter credit hours of remedial coursework when determining a student's enrollment status under the Title IV programs. We identified 46 Metropolitan students who were disbursed Pell funds during the audit period and were (1) nearing the maximum number of allowable remedial credit hours entering academic year 2009-2010 and (2) enrolled in at least one more remedial course during academic year 2009-2010.

For each student in our universe who exceeded the maximum allowable 45 credit hours of remedial courses, we determined the student's enrollment status, excluding the attempted remedial credit hours exceeding 45. If the student's enrollment status changed after excluding the attempted remedial credit hours exceeding 45, we calculated the amount of Title IV funds that the student was eligible to receive based on the revised enrollment status. We determined that 25 of the 46 students (54 percent) were disbursed \$26,989 in Title IV funds that they were not eligible to receive.

According to 34 C.F.R. § 668.20(d)—

[A]n institution may not take into account more than one academic year's worth of noncredit or reduced credit remedial coursework in determining—

- (1) A student's enrollment status under the title IV, HEA programs; and
- (2) A student's cost of attendance under the campus-based, FFEL, and Direct Loan programs.

According to 34 C.F.R. § 668.20(e)(1), "One academic year's worth of noncredit or reduced credit remedial coursework is equivalent to . . . [t]hirty semester or 45 quarter hours . . ." The appendix to the final regulations published in the Federal Register on December 1, 1987, states, "The purpose of the Title IV, HEA programs is to assist students who are enrolled in postsecondary education. . . . The Secretary does not consider a student who enrolls in the equivalent of more than one year of remedial work to be enrolled in postsecondary education." (52 FR 45723).

¹⁵ The SAP status histories that Metropolitan provided came from its higher education software. As previously stated, during our audit period, the higher education software was incorrectly assigning SAP statuses. Therefore, we could not rely on the SAP status histories as support that the students were meeting the SAP requirements.

Metropolitan used its higher education software to calculate students' awards. However, it did not establish rules in its higher education software to ensure that students were not disbursed Title IV funds for more than the allowable 45 quarter credit hours of remedial courses.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 3.1 Return to the Department or to FFEL Program lenders, as appropriate, the \$26,989 in Title IV funds improperly disbursed to the 25 students who exceeded the maximum 45 quarter credit hours of remedial courses.¹⁶
- 3.2 Revise the rules in its higher education software to ensure that students are not disbursed Title IV funds for more than 45 quarter credit hours of remedial coursework.

Metropolitan Comments

Metropolitan agreed with the finding and the recommendations. Metropolitan acknowledged that it did not have a reliable system for tracking the number of hours of remedial classes students had completed and thus awarded Title IV funds for ineligible credits during the audit period. The overawarded Title IV funds listed from the audit period represent the total of liabilities from award year 2009-2010.

Metropolitan explained that, in the summer of 2010, a standard reporting system was developed and implemented. This system identifies remedial students and reports their number of remedial credits system wide on an ongoing basis. Metropolitan stated that the software improvements are working well and accurately tracking remedial class credits.

FINDING NO. 4 – Title IV Funds Disbursed to Students Enrolled in Ineligible Nondegree Programs

Metropolitan disbursed Title IV funds to students who were not enrolled in eligible nondegree programs. An institution's "Eligibility and Certification Approval Report" (ECAR) is the FSA form that lists an institution's locations and Title IV eligible nondegree programs. Metropolitan's ECAR in effect from May 7, 2009, through March 31, 2015, listed 21 ineligible nondegree programs. Some of the nondegree programs were listed as approved on Metropolitan's prior ECAR that was in effect from May 27, 2003, through March 31, 2009.¹⁷ Metropolitan improperly disbursed \$88,086 in Title IV funds to 23 students who were enrolled in 6 of the 21 (29 percent) ineligible nondegree programs. None of the 23 students were part of a teach-out program where students still enrolled in discontinued programs were able to complete the program.

¹⁶ The \$26,989 consists of \$2,566 in Subsidized Stafford Loans and \$24,423 in Pell.

¹⁷ During the gap between these ECARs (April 1 through May 6, 2009), FSA approved Metropolitan's eligibility on a month by month basis as it processed Metropolitan's application for recertification.

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

Metropolitan disbursed Title IV funds to students who were not enrolled in eligible nondegree programs because it did not update the program eligibility rules established in its higher education software upon approval of its ECAR.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 4.1 Return to the Department or to FFEL Program lenders, as appropriate, \$88,086 in Title IV funds improperly disbursed to the 23 students enrolled in ineligible nondegree programs.¹⁸
- 4.2 Identify the Title IV funds improperly disbursed after the end of our audit period (March 31, 2010) to students enrolled in ineligible nondegree programs and return to the Department or to FFEL Program lenders, as appropriate, the improperly disbursed funds.
- 4.3 Update the rules in its higher education software when there is a change in the Title IV eligibility of its programs.

Metropolitan Comments

Metropolitan disagreed with the finding and Recommendations 4.1 and 4.2. Metropolitan agreed with Recommendation 4.3. Metropolitan stated that all students were enrolled in qualifying classes and programs of study, but the higher education software contained outdated program codes. Eight of the 23 students were enrolled in an approved ECAR program. Metropolitan provided the program codes for the eight students and indicated which programs on the ECAR were associated with those students’ program codes. For the remaining 15 students, Metropolitan stated that it incorrectly assigned program codes but the students still were entitled to receive Title IV funds. Metropolitan stated that it has reviewed all program titles and program codes and made appropriate corrections to any identified records. It did not improperly disburse Title IV funds after the end of the audit period.

Metropolitan also stated that it has implemented a procedure for annually updating the rules in its higher education software for changes concerning Title IV eligibility of its programs. All eligible nondegree programs are now properly coded.

OIG Response

We clarified the finding but did not revise the recommendations. During our testing, the director of financial aid and veteran services provided us with the program codes associated with the 21 ineligible nondegree programs listed on the ECAR in effect from May 7, 2009, through

¹⁸ The \$88,086 consists of \$11,441 in Unsubsidized Stafford Loans; \$13,217 in Subsidized Stafford Loans; \$61,607 in Pell; and \$1,820 in FWS (difference is due to rounding).

March 31, 2015. We used those program codes to identify the 23 students in the finding who received Title IV funds while enrolled in ineligible nondegree programs. Using the program codes, we determined that 8 of the 23 students were enrolled in 4 ineligible nondegree programs. The program codes for those four programs were CASC1, ETBCE, MCNCO, and MOOAC.

Metropolitan stated that it used the same four program codes for both eligible and ineligible nondegree programs. In its response, Metropolitan identified program code MOOA1, Medical Office – Medical Office Assistant, as an approved ECAR program. However, in the additional documentation that Metropolitan provided to support the approved programs, this program (MOOA1) was identified with program code MOOAC, which we determined was an ineligible program. Because Metropolitan used the same program codes for both eligible and ineligible nondegree programs, we cannot determine whether the eight students were enrolled in eligible or ineligible programs. We also cannot confirm whether the students were eligible to receive Title IV funds.

For the remaining 15 students, Metropolitan did not provide additional documentation to confirm that the students were enrolled in eligible nondegree programs. Without such documentation, we cannot verify that the students were eligible to receive Title IV funds.

Metropolitan stated that it has developed new procedures to ensure that changes in its programs' Title IV eligibility are updated on an annual basis. We have not conducted any testing to confirm whether Metropolitan has properly coded its eligible programs or that it is annually updating its higher education software for programs whose Title IV eligibility has changed.

FINDING NO. 5 – FWS Not Administered in Compliance with Federal Regulations

Metropolitan did not properly administer its FWS program. During our audit period, Metropolitan placed FWS recipients with 15 private, nonprofit entities. However, it did not ensure that the work performed by FWS recipients employed by 2 of the 15 private, nonprofit entities was in the public interest, as required by 34 C.F.R. § 675.22. Metropolitan also did not have written contracts with 4 of the 15 entities (27 percent) before placing FWS recipients in their employment, which is contrary to 34 C.F.R. § 675.20. As a result, Metropolitan improperly paid \$17,886 to FWS recipients who worked for those six entities.

We also found that (1) Metropolitan did not maintain job descriptions to demonstrate that all FWS positions were allowable, (2) FWS recipients' work hours conflicted with their scheduled class hours, (3) not all FWS recipients were eligible to receive FWS wages, and (4) Metropolitan paid wages to FWS recipients for hours that the recipients did not work. Of the \$34,770 paid to the 25 FWS recipients in our sample, Metropolitan improperly paid \$4,078 (12 percent) to 14 students.¹⁹

¹⁹ Of the \$4,078 in improper FWS payments, \$726 is included in the \$17,886 that Metropolitan improperly paid to recipients working for ineligible private, non-profit entities.

FWS Recipients' Work Not in the Public Interest and Lack of Written Contracts with Private, Nonprofit Employers

Two of the 15 entities employed 4 FWS recipients who were performing work that was not in the public interest. The work performed by the FWS recipients at these two entities primarily benefited members of a limited membership organization, not the community as a whole.

According to 34 C.F.R. § 675.22—

(a) If a student is employed by a Federal, State, or local public agency, or a private nonprofit organization, the work that the student performs must be in the public interest.

(b) . . . The Secretary considers work in the public interest to be work performed for the national or community welfare rather than work performed to benefit a particular interest or group. Work is not in the public interest if—

(1) It primarily benefits the members of a limited membership organization such as a credit union, a fraternal or religious order, or a cooperative

In addition, Metropolitan did not have written agreements in place with 4 other private, nonprofit entities before placing 11 FWS recipients in their employment. For one entity, a written contract was not in place before or during our audit period. For the other three entities, Metropolitan had contracts during our audit period, but the contracts were not in place until after the FWS recipients already had begun their employment.

According to 34 C.F.R § 675.20(b)(1)—

If an institution wishes to have its students employed under this part by a Federal, State or local public agency, or a private nonprofit or for-profit organization, it shall enter into a written agreement with that agency or organization. The agreement must set forth the FWS work conditions. . . .

The 15 FWS recipients received \$17,886 in improper FWS payments.

FWS Job Descriptions Not Provided

Metropolitan could not locate the job descriptions for four FWS recipients.²⁰ Without the job descriptions, we were unable to determine whether the four recipients' employment complemented and reinforced their educational program or career goals or whether their work was reasonable in terms of type of work, as required. These four FWS recipients received \$3,014 in improper FWS payments.

According to 34 C.F.R. § 675.8(d), institutions must “[a]ward FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient’s educational program or career goals”

²⁰ One FWS recipient who did not have a job description on file also worked for a private, nonprofit entity before Metropolitan had a written agreement in place.

Metropolitan also could not ensure that the type of FWS work performed was allowable under other regulatory requirements. For example, 34 C.F.R. § 675.20(c)(1)(i) states that “Regardless of the student’s employer, the student’s work must be governed by employment conditions, including pay, that are appropriate and reasonable in terms of . . . [t]ype of work”

FWS Recipients Worked When They Should Have Attended Their Scheduled Classes

Eight FWS recipients submitted timecards showing that they worked FWS jobs during their scheduled class hours. Allowing FWS recipients to work during scheduled class hours does not complement and reinforce the FWS recipients’ educational programs. These eight FWS recipients received \$485 in improper FWS payments.²¹

According to 34 C.F.R. § 675.8(d), employment must complement and reinforce each student’s program and career goals to the maximum extent practicable. Metropolitan’s own written policy states, “Students may not work if they are scheduled to be in class even if class is cancelled or the class lets out early.”

FWS Recipients Received FWS Wages Though Not Enrolled in Classes

Metropolitan paid \$594 in wages to two FWS recipients who worked FWS jobs in June 2009 but were not enrolled in classes in the summer quarter or the fall quarter.²²

According to 34 C.F.R. § 668.32—

A student is eligible to receive title IV, HEA program assistance if the student –
(a)(1)(i) Is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution

The “2009-2010 Federal Student Aid Handbook,” Volume 6, Chapter 2, p. 6-28, clarifies this requirement—

A student may be employed under FWS during a period of nonattendance, such as a summer term, an equivalent vacation period, the full-time work period of a cooperative education program, or an unattended fall or spring semester. The student must be planning to enroll for the next period of enrollment and must have demonstrated financial need for that period.

FWS Recipients Paid for Hours Not Worked

Metropolitan paid five FWS recipients \$131 more than they should have been paid.²³ Three of the recipients’ timecards included duplicate hours for 1 day. The other two received more FWS wages than supported by the hours documented on their timecards.

²¹ One FWS recipient who worked during class time also had no job description on file. An additional FWS recipient who worked during class time also worked for a private, nonprofit entity before Metropolitan had a written agreement in place.

²² One FWS recipient who was ineligible also had no job description on file. An additional FWS recipient who was ineligible also worked for a private, nonprofit entity before Metropolitan had a written agreement in place.

²³ Two FWS recipients who were paid incorrect amounts also worked during scheduled class hours. An additional FWS recipient who was paid incorrect amounts worked during scheduled class hours and also did not have an FWS job description.

According to 34 C.F.R. § 675.19(b)(2)—

The institution must also establish and maintain program and fiscal records that—

(i) Include a certification by the student’s supervisor, an official of the institution or off-campus agency, that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day

Metropolitan did not ensure that its employees always followed written policies and procedures for (1) developing written agreements with off campus employers, (2) maintaining job descriptions, (3) monitoring FWS recipients’ work schedules, (4) checking the eligibility of students prior to paying wages, and (5) ensuring wages are paid only for hours worked.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 5.1 Return to the Department \$21,238 in improper payments made to 26 FWS recipients.
- 5.2 Review its records for the remaining 108 FWS recipients in the universe who were not in our sample of 25 or included in our finding and (a) identify the amount of FWS funds that were improperly paid to the FWS recipients and (b) return that amount to the Department.
- 5.3 Adhere to the FWS regulations by ensuring that—
 - a. The type of work performed at private nonprofit FWS entities is permitted by the regulations,
 - b. Written contracts are in place for all private nonprofit entities,
 - c. Documentation supporting FWS job descriptions is maintained,
 - d. FWS recipients do not work FWS jobs during scheduled class hours,
 - e. Only eligible students participate in the FWS program, and
 - f. FWS recipients are paid only for the hours worked.
- 5.4 Obtain training for those responsible for administering the FWS program and supervising the work of FWS recipients.

Metropolitan Comments

Metropolitan partially agreed with the finding and Recommendation 5.1 and agreed with Recommendations 5.2, 5.3, and 5.4. Although Metropolitan agreed that the finding is partially accurate, it did not agree that it should return \$21,238 in improper payments made to FWS recipients. During the audit period, FWS practices and procedures fell out of compliance with the Department’s regulations. As a result, Metropolitan made \$14,636.50 of improper payments to FWS recipients included in this finding. However, Metropolitan stated that the work performed by the four FWS recipients at the two private, nonprofit entities was in the public interest. The two nonprofit agencies provided services to the general population, and the

work that the student workers provided was directly related to the agencies' programs, which serve needy residents in the Omaha area. According to 34 C.F.R. § 675.22(a) and (b), the Secretary of the Department considers work in the public interest to be work performed for the national or community welfare. Therefore, Metropolitan stated that it returned to the Department only \$14,636.50 of improper payments (\$21,238.00 less the \$6,601.50 paid to the four FWS recipients working at the two private, nonprofit entities).

Metropolitan explained that, when the FWS compliance issues were made known to Metropolitan, its financial aid office began to address the violations. Metropolitan stated that it reviewed all 108 FWS recipients remaining in the universe to address deficiencies and for compliance with required regulations. Metropolitan also stated that it has taken steps to develop and implement effective procedures. Finally, Metropolitan agreed that training is essential and stated that it has taken numerous steps to ensure compliance with all FWS rules.

OIG Response

We did not revise the finding or recommendations. The work that the FWS recipients performed for the two private, nonprofit entities was not in the public interest. One of the entities provided services only to those who were members. The FWS recipients' duties included answering the phone, filing, and greeting and providing positive interaction with club members. The second entity served only individuals who were referrals. Services were not available to the general public. According to 34 C.F.R. § 675.22(b)(1), FWS work is not in the public interest if it primarily benefits members of a particular group. Because the work at the two private, nonprofit entities benefited particular groups of people and was not related to national or community welfare, the work cannot be considered to be in the public interest.

Metropolitan did not provide documentation showing that it had returned \$21,238 of improper payments. Therefore, we did not revise the amount we recommend for recovery in Recommendation 5.1. We also did not revise Recommendation 5.2 because Metropolitan did not provide documentation showing that it completed its review of the 108 student files, resolved any deficiencies identified, and returned any improper payments.

FINDING NO. 6 – Students Without Evidence of Attendance Not Properly Identified and Return of Title IV Aid Incorrectly Calculated

Metropolitan did not properly identify students who never attended their courses. In addition, for student withdrawals, Metropolitan did not properly calculate the amounts to return to the Title IV programs. As a result, Metropolitan improperly retained \$8,074 in Title IV funds for 18 of the 28 (64 percent) instances of students' withdrawals or potential withdrawals in our samples.²⁴ We estimate that Metropolitan improperly retained between \$248,000 and \$523,000 in Title IV funds.²⁵

If a student does not attend a payment period, Federal regulations require the institution to return all Title IV funds that were disbursed to the student for the payment period. If a student was

²⁴ The \$8,074 consists of \$1,214 in Unsubsidized Stafford Loans; \$56 in Subsidized Stafford Loans; and \$6,804 in Pell.

²⁵ Based on statistical sampling techniques, we are 90 percent confident of these results.

disbursed Title IV funds for a payment period and subsequently withdrew during the payment period, the regulations describe (a) how the institution must calculate the amount of Title IV funds that the student earned as of his or her withdrawal date and (b) the amount of Title IV funds that the institution must return. We reviewed 28 of the 1,837 instances in which students withdrew or potentially withdrew during the summer quarter through the winter quarter 2009 (June 5, 2009, through February 26, 2010).²⁶ We concluded that Metropolitan violated the regulations when it did not (1) properly identify students who never attended courses, (2) properly identify students who unofficially withdrew from courses, (3) use the last date of attendance at an academically related activity as the withdrawal date, and (4) maintain records of students' last date of attendance at an academically related activity.

Students Who Never Attended During the Quarter Not Properly Identified

For 3 of the 28 instances that we reviewed (11 percent), Metropolitan did not properly identify students who never attended classes during the quarter. One student was enrolled in only one course during the summer 2009 quarter and never attended the course. For the other two students, the students did not attend any of the courses in which they were enrolled for the quarter.

According to 34 C.F.R. § 668.21—

(a) If a student does not begin attendance in a payment period or period of enrollment—

(1) The institution must return all title IV, HEA program funds that were credited to the student's account at the institution or disbursed directly to the student for that payment period or period of enrollment, for Federal Perkins Loan, FSEOG TEACH Grant [sic], Federal Pell Grant, ACG, and National SMART Grant program funds; and

(2) For FFEL and Direct Loan funds—

(i)(A) The institution must return all FFEL and Direct Loan funds that were credited to the student's account at the institution for that payment period or period of enrollment; and

(B) The institution must return the amount of payments made directly by or on behalf of the student to the institution for that payment period or period of enrollment, up to the total amount of the loan funds disbursed

Students Who Unofficially Withdrew Not Properly Identified

For 14 of the 28 instances that we reviewed (50 percent), Metropolitan did not properly assign an FX grade for one or more courses to indicate that the students unofficially withdrew from the course(s). For 11 of these 14 instances (79 percent), a return of Title IV aid calculation was required. However, Metropolitan performed a return of Title IV aid calculation for only 2 of the 11 (18 percent), and it used an incorrect last date of attendance for both calculations.

According to 34 C.F.R. § 668.22(a)(1)—

When a recipient of title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the

²⁶ The 28 instances from the universe of 1,837 instances of withdrawals or potential withdrawals come from three different strata. Each stratum is mutually exclusive. See the Objectives, Scope, and Methodology section of this report, item 13, for more details.

institution must determine the amount of title IV grant or loan assistance that the student earned as of the student’s withdrawal date

Last Date of Attendance Not Based on Academically Related Activity

Metropolitan did not use the last date of an academically related activity as the last date of attendance for 3 of the 28 instances (11 percent) that we reviewed. We reviewed attendance records for students enrolled in on-campus courses and reviewed the academic activity documented by the online courses Web site. The withdrawal dates that Metropolitan used for return of Title IV aid calculations were from 2 to 5 days later than the last dates in which the students attended an academically related activity.

According to 34 C.F.R § 668.22(c)(3)(i)—

. . . [A]n institution that is not required to take attendance may use as the student’s withdrawal date a student’s last date of attendance at an academically-related activity provided that the institution documents that the activity is academically related and documents the student’s attendance at the activity.

Evidence of Attendance Not Provided for All Courses

Metropolitan lacked evidence of attendance for one or more of the students’ courses for 3 of the 28 instances (11 percent) we reviewed. According to 34 C.F.R § 668.22(c)(4), “An institution must document a student’s withdrawal date . . . and maintain the documentation as of the date of the institution’s determination that the student withdrew”

Table 3 summarizes the different instances of nonattendance and the return of Title IV aid calculation errors that we identified.

Table 3. Instances of Nonattendance and Improper Return of Title IV Aid Calculations

Sample (a)	Sample Size	Universe Size	Did Not Properly Determine Whether Students Attended Quarter (b)	Did Not Properly Assign an FX Grade to Unofficial Withdrawals (b)	Incorrect Last Date of Attendance (b)	No Attendance Records Provided (b)
Sample 1	9	1,113	2	0	1	0
Sample 2	10	332	1	6	1	1
Sample 3	9	392	0	8	1	2

(a) The three samples used are described in the Objectives, Scope, and Methodology section of this report, item 13.
 (b) Two students had two return of Title IV aid calculation errors and one student had three errors. There were a total of 19 students in our samples who had at least 1 of the errors described in this table. However, only 18 students had errors that caused Metropolitan to improperly retain Title IV funds.

Incorrect Amounts of Title IV Funds Retained

Because Metropolitan did not properly identify students who never attended during a quarter, it did not return all Title IV funds disbursed to those students for those quarters. In addition, because Metropolitan used an incorrect last date of attendance in the return of Title IV aid calculation, it improperly calculated the amount of Title IV funds that students earned as of the withdrawal date. Both situations resulted in Metropolitan’s retaining more Title IV funds than it

was allowed to retain. For 18 of the 28 students (64 percent) in our 3 samples, Metropolitan improperly retained \$8,074 in Title IV funds. Table 4 shows the effect of Metropolitan’s failing to identify students who never attended and for improperly calculating the return of Title IV aid.

Table 4. Amount of Title IV Funds Improperly Retained

Sample (a)	Students	Amount
Sample 1	3	\$ 712
Sample 2	6	\$2,186
Sample 3	9	\$5,176
Totals	18	\$8,074

(a) The three samples used are described in the Objectives, Scope, and Methodology section of this report, item 13.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 6.1 Return to the Department or to FFEL Program lenders, as appropriate, \$8,074 in Title IV funds resulting from its failure to properly (a) identify students who never attended and (b) calculate the return of Title IV aid.
- 6.2 For instances not included in our samples, review its records, identify the amount of Title IV funds that was improperly retained for Title IV recipients who withdrew from Metropolitan or never attended a term, and return to the Department or to FFEL Program lenders, as appropriate, that amount plus any interest and special allowance.

Metropolitan Comments

Metropolitan disagreed with the finding and recommendations. Metropolitan stated that its faculty members are required to accurately report grades and, when applicable, indicate a last date of student attendance in its higher education software. This software is the official repository for Metropolitan’s records and is a public document pursuant to the Nebraska Public Records Act (Neb.Rev.Stat. §§84-712 through 84-712.09). Metropolitan considers the higher education software to be the most reliable, and only official, source for student grade and attendance data. Interpretation of, and reliance upon, the unofficial notations and markings made by an instructor in their personal classroom records is not a reliable or credible source of official institutional information.

OIG Response

We did not revise the finding or recommendations. Although the higher education software is Metropolitan’s official repository of record, the data recorded in the higher education software was not always reliable.

According to the procedures that Metropolitan provided with its comments to the draft of this report, faculty members were to record a WX by the census date for students who never attended a course. The procedures indicated that faculty members should have accurate attendance records up to the census date to identify students who never attended a course. Faculty members

who gave a student an FX grade were required to provide a last date of attendance. For faculty members who recorded attendance during the payment period, the last date of attendance was to be taken from the faculty members' records. For faculty members who did not record attendance after the census date, the last date of attendance was to be based on the last academically related activity, such as an exam or paper submission, that was reflected in the faculty members' records. Therefore, the faculty members' records should have confirmed that the data entered in the higher education software was accurate and complete. However, for the students in the finding, faculty members' records did not agree with the students' official records. Therefore, we concluded that the higher education software records were not sufficiently reliable and used the faculty members' records to determine whether students never attended courses or withdrew from courses, and to determine the last date of attendance for students who unofficially withdrew from courses.

We also did not revise Recommendation 6.2. Metropolitan did not provide documentation showing that it identified and returned the amount of Title IV funds that it improperly retained for Title IV recipients not included in our samples because the students never attended courses or withdrew from courses.

FINDING NO. 7 – Title IV Funds Not Returned Timely

Metropolitan did not return Title IV funds in a timely manner. For students for whom a return of Title IV aid was required, Metropolitan did not always return the funds within 45 days after determining that the students withdrew. Federal regulations require Metropolitan to return Title IV funds as soon as possible but no later than 45 days after the date it determines that the student withdrew. The Department incurs additional costs for interest and special allowance when unearned Title IV funds are not returned timely.

We reviewed 3 samples totaling 28 of the 1,837 instances of students' withdrawals or potential unofficial withdrawals during the summer through the winter quarter 2009 (June 5, 2009, through February 26, 2010). Of the eight instances in our samples for which Metropolitan determined a return of Title IV aid was required, four returns (50 percent) were paid from 6 to 264 days late (See Table 5).

Table 5. Untimely Return of Title IV Funds

Sample (a)	Students in Sample	Students with Return of Title IV Funds Paid	Number Paid Late	Days Late (in excess of 45)
Sample 1	9	5	3	6, 95, and 188
Sample 2	10	2	0	Not Applicable
Sample 3	9	1	1	264
Totals	28	8	4	

(a) The three samples used are described in the Objectives, Scope, and Methodology section of this report, item 13.

According to 34 C.F.R. § 668.22(j)—

- (1) An institution must return the amount of title IV funds for which it is responsible . . . as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew

(2) An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the—

- (i) Payment period or period of enrollment, as appropriate . . . ;
- (ii) Academic year in which the student withdrew; or
- (iii) Educational program from which the student withdrew.

Metropolitan did not return Title IV funds in a timely manner because, in part, it did not consistently determine within 30 days after the end of the payment period that a student withdrew. Of the eight returns that Metropolitan determined were owed, three unofficial withdrawals had a withdrawal date that was determined from 28 to 29 days late (See Table 6).

Table 6. Untimely Determination of Student Withdrawal Date

Sample (a)	Students in Sample	Students with Return of Title IV Funds Paid	Withdrawal Determination Date Late (More Than 30 days)	Range (Number of Days Late)
Sample 1	9	5	0	Not Applicable
Sample 2	10	2	2	28 and 28
Sample 3	9	1	1	29
Totals	28	8	3	

(a) The three samples used are described in the Objectives, Scope, and Methodology section of this report, item 13.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 7.1 Establish effective internal control to ensure that it returns unearned Title IV funds timely.
- 7.2 Promptly determine the withdrawal date of a student who withdraws without providing official notification.

Metropolitan Comments

Metropolitan disagreed with the finding and Recommendation 7.3 that we included in the draft of this report because the recommendation was not applicable to public institutions. Metropolitan agreed with Recommendations 7.1 and 7.2. Immediately following the audit period, Metropolitan converted the return of Title IV aid process from a manual process to a procedure that uses the higher education software. Metropolitan now is properly calculating and timely returning all unearned Title IV funds.

OIG Response

We revised the finding but did not revise Recommendations 7.1 and 7.2. We have not tested Metropolitan’s new procedures to determine whether the procedures operate as intended.

We removed draft audit report Recommendation 7.3, which recommended that Metropolitan post a letter of credit because it exceeded the refund reserve standard threshold under 34 C.F.R. § 668.173. We agree with Metropolitan that a letter of credit is not applicable to public institutions such as Metropolitan. According to 34 C.F.R. § 668.173(a)(1), an institution has sufficient cash reserves, as required under § 668.171(b)(2), if the institution is a public institution. In addition to removing Recommendation 7.3 from this final audit report, we removed references to the regulations related to the letter of credit from the finding.

FINDING NO. 8 – Retroactive Pell Disbursements Not Always Based on Credit Hours That Students Completed

Metropolitan did not ensure that retroactive Pell disbursements were based on credit hours that students had completed. If a student applies for Title IV funds late in an award year and meets the eligibility requirements for the funds in prior terms in that award year, the student may be disbursed funds retroactively for the prior terms. In this report, we refer to these disbursements as retroactive Pell disbursements.

We considered a disbursement to be a potential retroactive Pell disbursement if it was made to a student on the same date for different quarters. For example, if a student received two Title IV disbursements on January 1, 2010, and one disbursement was applied to the fall quarter and the second to the winter quarter, we considered the disbursement for the fall quarter to be a potential retroactive disbursement. We considered the Title IV disbursement for the fall quarter to be a potential retroactive disbursement because the disbursement was made during one quarter but applied to a prior quarter.

We randomly selected 27 students from the universe of 246 students who received potential retroactive Pell disbursements during the audit period. We determined that five students were disbursed \$2,445 more in Pell funds than they were eligible to receive, and two students were disbursed \$410 less in Pell funds than they were eligible to receive. We estimate that Metropolitan improperly calculated retroactive Pell disbursements for between 30 and 100 of the 246 students.²⁷

According to 34 C.F.R. § 690.76(b), “The institution may pay funds in one lump sum for all the prior payment periods for which the student was an eligible student within the award year. The student’s enrollment status must be determined according to work already completed.”

Metropolitan used its higher education software to calculate the amount of Title IV funds students were eligible to receive for each quarter. The higher education software calculated the amount of Title IV funds to retroactively disburse to students and used the student’s enrollment status as of the census date to determine eligibility for retroactive Pell disbursements (the census date that was 2 to 3 weeks after the start of each quarter). If a student’s enrollment status changed after the census date (for example, because the student added or dropped a course), the higher education software did not properly calculate the amount of the retroactive Pell disbursement that the student was eligible to receive.

²⁷ Based on statistical sampling techniques, we are 90 percent confident of these results.

RECOMMENDATIONS

We recommend that the COO for FSA require Metropolitan to—

- 8.1 Return to the Department the \$2,445 in retroactive Pell disbursements improperly made for 5 of the 27 students in the sample.
- 8.2 Review its records for the remaining 219 students who received potential retroactive Pell disbursements during award year 2009-2010 and (a) identify the amount of Title IV funds that was retroactively disbursed to students based on credit hours they had not completed and (b) return that amount to the Department.
- 8.3 Revise and test the rules in its higher education software to ensure that retroactive disbursements are based on credit hours already completed.

Metropolitan Comments

Metropolitan agreed with the finding and all three recommendations.

OTHER MATTERS

For academic year 2009-2010, Metropolitan's published and implemented SAP policies included all components necessary to comply with Federal regulations. However, the SAP policy published in Metropolitan's catalog and made available to students did not clearly describe the policy that Metropolitan implemented. The published policy for academic year 2009-2010 required students to—

1. Meet a particular cumulative grade point average (the requirement varied based on the number of attempted credit hours and whether the student was enrolled in a degree or certificate program),
2. Successfully complete 62 percent of the courses attempted during the previous quarter,
3. Complete their degree or certificate program within 150 percent of the number of credit hours needed to complete the degree or certification program, and
4. Limit the total number of ESL courses that they attempted (no limit was published).

However, the policy that Metropolitan implemented for academic year 2009-2010 required students to (differences from the published policy are underlined)—

1. Meet a particular cumulative grade point average (the requirement varied based on the number of attempted credit hours and whether the student was enrolled in a degree or certificate program),
2. Successfully complete 67 percent of the courses attempted during the previous quarter,
3. Complete their degree or certificate program within 150 percent of the number of credit hours needed to complete the degree or certification program, and
4. Limit the total number of credit hours for ESL courses attempted to 100 credit hours.

Metropolitan provided us with a copy of a revised SAP policy (which did not clearly describe the SAP policy that was implemented) and stated that it posted the revised SAP policy on its Web site during academic year 2009-2010. However, Metropolitan could not provide support that the revised SAP policy or the implemented SAP policy was published on its Web site during that academic year. Metropolitan should create and publish a written SAP policy that accurately and completely describes the SAP policy that it is using.

Metropolitan Comments

Metropolitan agreed that the published SAP policy for academic year 2009-2010 did not accurately describe the policy that it implemented. Metropolitan stated that it currently reviews all changes to SAP policies and procedures, updates the annual printed catalog, and posts the SAP policies and procedures on its Web site for students to reference. All updated policies and procedures continue to be consistent between the printed catalog and in the online resources that Metropolitan makes available to students.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine whether Metropolitan complied with selected provisions of Title IV and selected requirements governing (1) ATB, (2) SAP, (3) remedial coursework, (4) program eligibility, (5) FWS disbursements, (6) return of Title IV aid, and (7) calculation of retroactive disbursements. Our audit covered the period July 1, 2009, through March 31, 2010 (first three quarters of award year 2009-2010).

To achieve our audit objectives, we—

1. Reviewed and gained an understanding of selected provisions of Title IV, corresponding regulations, and guidance applicable to the audit objectives.
2. Identified the amount of Title IV funds that Metropolitan disbursed during award year 2009-2010.
3. Reviewed written policies and procedures, interviewed Metropolitan officials, and tested selected aspects of Metropolitan's Title IV programs to gain an understanding and assess the adequacy of Metropolitan's system of internal control applicable to the administration of its Title IV programs in the following areas: student eligibility, attendance, grades, award calculations, disbursements, FWS, ATB, and return of Title IV. We used our assessment to focus our audit efforts on those aspects of Metropolitan's Title IV programs that presented a higher risk of failure to comply with applicable law and regulations: ATB, SAP, remedial courses, program eligibility, FWS disbursements, return of Title IV aid, and calculation of retroactive disbursements.
4. Reviewed Metropolitan's audited financial statements and reports on "Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133" for fiscal years ended June 30, 2006, through June 30, 2009, to gain an understanding of relevant matters identified by Metropolitan's independent public accountant.
5. Reviewed Metropolitan's program participation agreement, ECARs, program descriptions in catalogs, and accrediting agency program approval to verify the eligibility of Metropolitan's programs.
6. Reviewed the records for a sample of 40 students randomly selected from the universe of 7,190 students who were disbursed Pell funds during the audit period to determine whether the students met the SAP requirements. Metropolitan disbursed to these 40 students \$173,394 of the \$27,412,712 in FFEL, Pell, and FWS funds disbursed during the audit period.
7. Reviewed the records for a sample of 30 students randomly selected from a universe of 274 students who were disbursed Pell funds or FWS wages, or both, and indicated

- on their 2009-2010 FAFSA that they did not have a high school diploma or its equivalent. We reviewed the records to determine whether the 30 students met general student eligibility requirements for a high school diploma or its equivalent or a passing score on an ATB test. We also attempted to verify self-certification forms by contacting the high school or State authority. Metropolitan disbursed to these 30 students \$129,422 of the \$1,095,027 in FFEL, Pell, and FWS disbursed to the 274 students during the audit period.
8. Reviewed the records for all 16 students who were disbursed Pell funds during the audit period and were certified as eligible by Metropolitan based on passing scores on the CELSA test. Metropolitan disbursed to these 16 students \$62,357 in FFEL, Pell, and FWS funds during the audit period.
 9. Reviewed all contracts that Metropolitan had with 15 private, nonprofit entities that employed FWS students during academic year 2009-2010. We also reviewed the records, personnel files, and payroll documents for 25 students randomly selected from the universe of 142 students to whom Metropolitan paid FWS wages during the audit period to determine whether Metropolitan administered its FWS program in compliance with Federal requirements. Metropolitan paid these 25 students \$34,770 of the total \$202,821 in FWS wages it paid during the audit period.
 10. Reviewed the descriptions of 15 nondegree programs judgmentally selected from the universe of 114 nondegree programs that were listed as eligible on Metropolitan's most recent ECAR (effective May 7, 2009) but were not listed on its previous ECAR (effective May 27, 2003). We reviewed the descriptions to determine whether the nondegree programs met program eligibility requirements. We selected these 15 nondegree programs because students enrolled in them were disbursed 79 percent of the Pell funds and FWS wages disbursed to students enrolled in the 114 nondegree programs. We also identified all students who were enrolled in any of the 21 nondegree programs that were listed as ineligible on Metropolitan's latest ECAR and who were disbursed Pell funds or paid FWS wages during our audit period. Because we used nonstatistical sampling procedures, this judgmental sample cannot be projected to the nondegree programs that we did not review.
 11. To determine whether they were eligible for the Title IV funds that they received, reviewed the records for all 46 students who (a) were disbursed Pell funds during the audit period, (b) attempted 35 or more credit hours of remedial courses prior to academic year 2009-2010, and (c) enrolled in at least one remedial course during academic year 2009-2010. Metropolitan disbursed to these 46 students \$170,898 in Title IV funds during the audit period.
 12. To determine whether Metropolitan complied with the requirements governing the calculation of retroactive disbursements, reviewed the records for 27 students randomly selected from the universe of 246 students who received potential retroactive Pell disbursements during the audit period. We identified potential retroactive Pell disbursements by identifying Pell disbursements made to a student on the same date for different quarters. Metropolitan disbursed to these 27 students

\$69,241 of the total \$555,700 in potential retroactive Pell disbursements it made during the audit period.

13. Reviewed the records of return of Title IV aid calculations and disbursements for three stratified samples randomly selected from the universe of 1,837 instances of students' withdrawals and potential withdrawals during the audit period. We used the results of our review to determine whether Metropolitan complied with the requirements governing the proper calculation and timely payment of returns of Title IV funds. To perform this review, we—
 - a. Randomly selected 9 instances from a stratum of 1,113 instances in which students had status codes or grades of FX, IW, or W, or a combination of the three, for all their courses during the summer through the winter 2009 quarter and were disbursed Pell funds. This stratum represents instances in which students withdrew. The students included in the 1,113 instances in this stratum were disbursed \$2,910,308 in Title IV funds during the audit period. The 9 students covered by the sample of 9 instances were disbursed \$23,461 in Title IV funds during the audit period.
 - b. Randomly selected 10 instances from a stratum of 332 instances in which students received grades of D or F for all of their courses during the summer through the winter 2009 quarter and were disbursed Pell funds. This stratum represents instances in which students potentially withdrew. The students included in the 332 instances in this stratum were disbursed \$1,154,374 in Title IV funds during the audit period. The 10 students covered by the sample of 10 instances were disbursed \$24,452 in Title IV funds during the audit period.
 - c. Randomly selected 9 instances from a stratum of 392 instances in which students had status codes or grades of FX, IW, or W, or a combination of the three, and at least one F grade for all of their courses during the summer through the winter 2009 quarter and were disbursed Pell funds. This stratum also represents instances in which students potentially withdrew. The students included in the 392 instances in this stratum were disbursed \$1,409,482 in Title IV funds during the audit period. The 9 students represented by the sample of 9 instances were disbursed \$34,899 in Title IV funds during the audit period.
14. Analyzed the additional documentation that Metropolitan provided with its comments on the draft of this report.

We also relied, in part, on computer-processed data provided to us by Metropolitan. We used the data to draw samples for testing Metropolitan's compliance with selected aspects of the Title IV requirements: student eligibility, calculations for retroactive disbursements, FWS disbursements, and return of Title IV aid. Metropolitan provided us with (1) data from its higher education software and online courses Web site, (2) a report from its higher education software listing students who were disbursed Pell funds during the audit period, (3) a report from its higher education software listing recipients who received FWS wages during the audit period, and (4) a list of students who indicated on their 2009-2010 FAFSA that they did not have a high school diploma or its equivalent.

To test the reliability of the data, we applied logic tests to the FWS and Pell data provided by Metropolitan and the FFEL Program data obtained from the National Student Loan Data System. We performed these tests to look for missing data, the relationship of one data element to another, values outside of a designated range, and dates outside of a designated range. We did not identify any fields with missing data where we expected to see data. We also did not identify any illogical relationships between one data element and another or any values or dates outside of expected ranges. We also compared a report that Metropolitan extracted from its higher education software listing students who were disbursed Pell funds during the audit period with Common Origination and Disbursement system data, as of April 14, 2010, for students who were disbursed Pell funds during award year 2009-2010. We were able to reconcile all differences between the list that Metropolitan provided and the Common Origination and Disbursement data. Finally, we compared data in the National Student Loan Data System to a list provided to us by Metropolitan of its students who indicated on their 2009-2010 FAFSA that they did not have a high school diploma or its equivalent. We were able to reconcile any differences between the data and the list of students. Based on our analyses and testing, we determined that the data provided by Metropolitan were sufficiently reliable for the purposes of our audit.

We conducted our audit from March 2010 through January 2011 at Metropolitan's offices in Omaha, Nebraska, and at our offices. We discussed the results of our audit with Metropolitan officials on January 6, 2011. We provided Metropolitan officials with a draft of this report on November 30, 2011.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX – Metropolitan Comments on Draft Audit Report

(Because of the number of attachments included with Metropolitan’s comments and the personally identifiable information in those attachments, we have not included them in this Appendix. Copies of the attachments to Metropolitan’s comments, less the personally identifiable information, are available on request. Information protected under the Privacy Act of 1974 (5 U.S.C. § 552a) has been redacted from the Appendix and replaced with brackets.

METROPOLITAN
COMMUNITY COLLEGE

OFFICE OF THE PRESIDENT

January 13, 2012

Mr. Gary D. Whitman
Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
500 West Madison Street, Suite 1414
Chicago, Il 60661

Dear Mr. Whitman,

The enclosed Written Comments are provided to you in response to the draft audit report, Control Numbers ED-OIG/A07K0003, sent to the Metropolitan Community College on November 30, 2011.

In our written comments we present the College's response to the eight (8) findings and other matters, and associated recommendations, in the draft audit report. We state whether we concur or do not concur with the Department's findings and recommendations. In those instances where we concur with the Department's finding we describe the corrective actions that we have taken, or will take, and the targeted completion dates for such actions. In those instances where we do not concur with the Department's findings, we state the basis for our disagreement with the finding and we provide data to support our position. In those instances where we disagree with a recommendation, we explain the basis for our disagreement and set forth alternative corrective actions that we have taken, or will take, and the targeted completion dates for such actions.

For your information, our response contains two emails:

Email 1:

Title_IV_audit_report.docx

This is a Microsoft Word file consisting of 21 pages that states our responses to the findings.

Title_IV_audit_report.pdf

This is a PDF file which is a mirror image of the directly above Word Document.

Title_IV_audit_report_cover_letter.docx

This is a Microsoft Word file consisting of the cover letter.

Title_IV_audit_report_cover_letter.pdf

This is a PDF file which is a mirror image of the directly above Word Document.

SupportDocuments.pdf

These are PDF files for 1.1 and 1.2 consisting of 87 pages

Email #2:

SupportDocuments.pdf

These are PDF files for 2.1 through 7.3 consisting of 69 pages.

All student records in the supporting documents (1.2 and 2.2) have been password protected, using the same password you used when the documents were sent to us.

If it is possible we would appreciate an estimated timeframe as to when we might expect a response to our written comments. As well, it would be helpful to have confirmation that you have received our report.

As noted in the Introduction to our Written Comments, Title IV funds are of great importance to our students as they work toward attaining their goals. We want to assure the Department of Education that our intent is to disburse funds in the proper manner and continually improve and update our processes.

We are hopeful that we have provided you with information that is understandable and relevant. If you have any questions, or require additional information, please feel free to contact me directly at (402) 457-2339. I look forward to your response.

Sincerely,

/s/

Randy Schmailzl
President

Metropolitan Community College (MCC)
Omaha, Nebraska

Written Comments in response to Draft Audit Report

ED-OIG/A07K0003

METROPOLITAN
COMMUNITY COLLEGE

January 13, 2012

MCC’s Administration of the Title IV Programs
Written response to Draft Audit Report ED-OIG/A07K0003

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ACRONYMS AND ABBREVIATIONS

ATB	Ability to Benefit
CELSA	Combined English Language Skills Assessment
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
ECAR	Eligibility and Certification Approval Report
ESL	English as a Second Language
FAFSA	Free Application for Federal Student Aid
FSA	Federal Student Aid
FWS	Federal Work-Study
GED	General Educational Development
MCC	Metropolitan Community College
Metropolitan	Metropolitan Community College
Pell	Federal Pell Grant
SAP	Satisfactory Academic Progress
Title IV	Title IV of the Higher Education Act of 1965, as amended

INTRODUCTION

MCC has reviewed the draft audit report control numbers ED-OIG/A07K0003, titled Metropolitan Community College's Administration of the Title IV Programs. We appreciate having the opportunity to review the draft audit report. Title IV funds are of great importance to our students as they work toward attaining their goals. We want to assure The Department of Education that our intent is to disburse funds in the proper manner and continually improve and update our processes.

Enclosed you will find MCC's responses to the audit findings Nos. 1-8 and other matters.

Finding No. 1 – Student Eligibility Not Established Prior to Disbursing Title IV Funds

Response: MCC does not concur with Finding No. 1. Information to support this position is stated here:

- **Audit 1.1 Recommendation**

Return to the Department or lenders, as appropriate, \$57,124 in Title IV funds disbursed to 16 students who took an improperly administered CELSA test.

Response: MCC does not concur

During the 2009-10 award year, the approved ATB tests used at MCC were the ACT Compass, Compass ESL, and CELSA. Of the sixteen (16) tests in question, fourteen (14) had passing scores. The testing procedures and corresponding passing scores that were in effect during the audit period were compliant according to Compass and Compass ESL. The CELSA specified testing protocols were not followed. Despite the fact that the tests were scored manually, fourteen (14) of the sixteen (16) students achieved passing scores.

Two (2) students were found to have less than the minimum CELSA score required to establish the Ability-To-Benefit from training, as outlined in the regulations, as the cut-off score for the CELSA test had been changed in 2006 from ninety (90) to ninety-seven (97). An outdated ATB certification form (pre 2006) was used with the previous cut-off score which caused an overaward for two (2) students.

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action

Immediately following the audit period, MCC ceased using the CELSA test as an ATB test. In accordance with new requirements effective July 1, 2011 (2011-12), MCC offers only the Compass and Compass ESL tests for ATB students. The tests and corresponding passing scores were valid for the period in question (*Supporting Document 1.1A*). While testing protocols changed with the October 29, 2010 regulation updates (*Supporting Document 1.1B-D*), the passing scores that were in effect during the audit period were followed.

Certification of test administrators was not required until 2011-12 (*Supporting Document 1.1B-D*). All test administrators have been certified and administer tests according to the test publisher's Department of Education approved procedures which includes electronic scoring of exams.

MCC Corrective Action Implemented
July 2010

- **Audit 1.2 Recommendation**

Return to the Department or lenders, as appropriate, \$28,629 in Title IV funds disbursed to the 7 students in our sample who did not have a high school diploma or its equivalent or who did not pass an ATB test.

Response: MCC does not concur

According to the FSA Handbook (*Supporting Document 1.1C*), self-reporting by a student was an acceptable means for determining high school graduation and/or GED recipients during the audit period of 2009-10. MCC was in compliance with the self-reporting requirements in place during the audit period. Of the seven (7) student records audited, MCC has verified that five (5) either had a high school diploma, GED, or met the ATB requirements (*Supporting Document 1.2A-G*).

Requirements have evolved over the last two years since the audit period in question. MCC has continued to improve the monitoring of student data as dictated by regulations.

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action

MCC is an open enrollment institution which does not require a high school transcript or verification of high school completion before enrollment into classes. High school completion or equivalency is monitored through the Financial Aid Office for students who are seeking funding under the Title IV regulations. MCC continues to follow the standards as outlined yearly in the Federal Student Aid Handbook (*Supporting Document 1.1D*).

MCC Corrective Action Implemented

Changes implemented per annual regulatory updates.

- **Audit 1.3 Recommendation**

Review college records for the 236 students whose records we did not review, determine whether it has records to support that the students had a high school diploma or its equivalent or passed an ATB test, indentify the amount of Title IV funds that it improperly disbursed to those students for whom it did not have significant support, and return the funds to the Department or lenders, as appropriate.

Response: MCC concurs

During the 2009-10 audit period, the College reviewed all students who had indicated on their FAFSA that they did not possess a high school diploma or equivalency. All deficiencies noted were resolved through updated documentation from students by the end of the 2009-10 year.

MCC Corrective Action Implemented

June 2010

Finding No. 2- Title IV Funds Disbursed to Students Who Did Not Maintain Satisfactory Academic Progress

Response: MCC does not concur with Finding No 2. Information to support this position is stated here:

- **Audit 2.1 Recommendation**
Return to the Department or lender, as appropriate, \$12,212 in Title IV funds disbursed to the six students in our sample who did not meet the SAP requirements.
- **and**
- **Audit 2.2 Recommendation**
Review college records for students who were disbursed Title IV funds during award year 2009-10, excluding the files for the students in our sample, identify the amount of Title IV funds that were improperly disbursed to students who did not meet the SAP requirements, and return to the Department or lenders, as appropriate, the improperly disbursed funds.

Response (2.1 and 2.2): MCC does not concur

Five (5) of the six (6) students identified in the audit sample were in fact eligible to receive funding during the periods in question. Documentation for identified students was not readily available at the time of the audit due to the transition to document imaging that was occurring during the audit period. Attached status histories and appeal data are provided for reference (*Supporting Document 2.2A-F*).

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action (2.1 and 2.2)

Of the forty (40) students randomly selected for the audit sample, only one (1) student was found to have their SAP incorrectly calculated, resulting in an overaward of \$370. The student subsequently appealed and was placed on probation, but failed to enroll in the subsequent period.

To improve SAP status tracking and appeal processing, MCC has adopted a tracking procedure using the work flow functionality contained in MCC's imaging system software. When documents are submitted related to SAP, they are placed in the work flow and tracked through until a review and update to the student's record is complete.

MCC Corrective Action Implemented

Changes implemented per annual regulatory updates.

- **Audit 2.3 Recommendation**

Ensure that SAP rules are properly established in the college's higher education software and regularly verify that the higher education software is correctly assigning SAP statuses.

Response: MCC concurs

The audit period coincided with the implementation of the higher education software calculating the financial aid SAP. Consequently, during the audit period, there were minor anomalies in the rules governing SAP calculations within MCC's education software system.

MCC Corrective Action

The rule that affected statuses during the audit period was identified and corrected. Since the audit period, a more stringent testing of the rules has been adopted to eliminate future errors and ensure accuracy of calculations.

An updated SAP policy has been posted on the College's website and in the College's catalog per the most recent guidance from the Department of Education. New processes provide clear guidance to students on the requirements for maintaining good standing. In cases where a student falls below the standards, there are specific steps to follow for filing an appeal, with deadlines and published review dates listed with instructions for students. Student status is clearly listed on each student's Web account each quarter indicating his/her current status at the end of each quarter (current statuses are Good, Warning, Denied, or Monitoring). An electronic e-mail is also generated to provide further notification to students for each period of enrollment completed (*Supporting Document 2.3A-B*).

MCC Corrective Action Implemented

June 2010

Finding No 3 – Title IV Funds Disbursed to Students Who Had Exceeded the Maximum Number of Remedial Credit Hours

Response: MCC concurs with Finding No 3.

- **Audit 3.1 Recommendation**

Return to the Department or lenders, as appropriate, the \$26,989 in Title IV funds improperly disbursed to the 25 students who exceeded the maximum 45 quarter credit hours of remedial courses.

and

- **Audit 3.2 Recommendation**

Revise the rules in the College's higher education software to ensure that students are not disbursed Title IV funds for more than 45 quarter credit hours of remedial coursework.

Response (3.1 and 3.2): MCC concurs

During the audit period the College did not have a reliable college-wide system of tracking the number of hours of remedial classes students had completed and thus overawarded payments for ineligible credits.

MCC Corrective Action (3.1 and 3.2)

The overawarded funds listed from the audit period represent the total of liabilities from the 2009-10 award year. The College has already reviewed the universe of students and made adjustments to ineligible students at the beginning of the 2010-11 award year.

In the summer of 2010 a standard reporting system was developed and implemented. This system identifies remedial students and reports their number of remedial credits system-wide on an ongoing basis. The students taking remedial classes are monitored throughout the year for progression to college-level coursework and to verify their eligible credits and limitations. The Financial Aid office provides warning to students when they are approaching the 45-credit hour limitation and again when they have reached their credit-hour limit based on their planned registration. Students who reach the limit and continue to be registered in developmental classes are denied federal aid until they are enrolled in at least 1000 level non-remedial classes and regain eligibility.

The software improvements are working well and accurately tracking remedial class credits.

MCC Corrective Action Implemented

June 2010

Finding No. 4 – Title IV Funds Disbursed to Students Enrolled in Ineligible Nondegree Programs

Response: MCC does not concur with Finding No 4. Information to support this position is stated here:

- **Audit 4.1 Recommendation**

Return to the Department or lenders, as appropriate, \$88,086 in Title IV funds improperly disbursed to the 23 students enrolled in ineligible nondegree programs.

Response: MCC does not concur

All students were enrolled in qualifying classes and qualifying programs of study, but some of the program codes in the system were not current so, based on the information and interpretation by the auditors, it appeared that some students were receiving financial aid for classes/programs that were ineligible for Title IV Funds.

Eight (8) of the twenty-three (23) students were enrolled in an approved ECAR program. The programs included in the ECAR are:

- CASC1 - IBM iSeries Systems (1 student) – See ECAR page 7
- ETBCE - Building Electrical (2 students) – See ECAR page 10
- MCNCO - Microcomputer Technology - Network Technician Option (4 students) – See ECAR page 8
- MOOA1 - Medical Office - Medical Office Assistant (1 student) - See ECAR page 13
(Supporting Document 4.1A)

Of the remaining fifteen (15) students, eleven (11) had an assigned academic program of LHSCE (Liberal Arts/Humanities-Social Science Certificate) and four (4) had an assigned academic program of LMSCE (Liberal Arts/Math and Science Certificate).

These students were incorrectly assigned the LHSCE and LMSCE which are options under LATAS (Liberal Arts Transfer Associate of Science) Associate Degree transfer program (Academic Transfer). No actual violation occurred and no one received Title IV Funds who was not entitled to it. The outdated program codes made it appear that way.

These clerical recording errors should not result in students being denied Title IV funds to pursue their academic program goals.

MCC disputes the findings and the amount of alleged overaward in this recommendation.

Metropolitan Community Corrective Action

College staff has been trained to assign the correct academic programs to academic transfer students.

In addition, MCC has implemented a procedure for annually updating the rules in our higher education software for changes concerning Title IV eligibility of our programs. The procedure corresponds with catalog changes and updates dictated by actions taken by the Higher Learning Commission and the Nebraska Coordinating Commission for Postsecondary Education related to program additions, enhancements, or changes. All eligible nondegree programs are coded as such to properly identify them as approved programs.

MCC Corrective Action Implemented

July 2010, updated annually

- **Audit 4.2 Recommendation**

Identify the Title IV funds improperly disbursed after the end of our audit period (March 31, 2010) to students enrolled in ineligible nondegree programs and return to the Department or lenders, as appropriate, the improperly disbursed funds.

Response: MCC does not concur

Prior data entry errors should not result in students being denied Title IV funds to pursue their academic program goals. The College reviewed all program titles and program codes and made appropriate corrections to any identified records. There were no improperly disbursed funds after the end of the audit period.

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action

College staff has been trained to assign the correct academic programs to academic transfer students.

In addition, MCC has implemented a procedure for continuously updating the rules in our higher education software for changes concerning Title IV eligibility of our programs. The procedure corresponds with catalog changes and updates dictated by actions taken by the Higher Learning Commission and the Nebraska Coordinating Commission for Postsecondary Education related to program additions, enhancements, or changes. All eligible nondegree programs are coded as such to properly identify them as approved programs.

MCC Corrective Action Implemented

July 2010

- **Audit 4.3 Recommendation**

Update the rules in the college's higher education software when there is a change in the Title IV eligibility of its program.

Response: MCC concurs

MCC acknowledges that the rules in its higher education software should be updated when there is a change in the Title IV eligibility of its programs.

MCC Corrective Action

MCC has implemented a procedure for continuously updating the rules in our higher education software for changes concerning Title IV eligibility of our programs. The procedure corresponds with catalog changes and updates dictated by actions taken by the Higher Learning Commission and the Nebraska Coordinating Commission for Postsecondary Education related to program additions, enhancements, or changes. All eligible nondegree programs are coded as such to properly identify them as approved programs.

MCC Corrective Action Implemented

July 2010

Finding No. 5 – FWS Not Administered in Compliance with Federal Regulations

Response: MCC does not concur with Finding No. 5.

- **Audit 5.1 Recommendation**

Return to the Department \$21,238 improper payments made to 26 FWS recipients.

Response: MCC does not concur

During the audit period, practices and procedures fell out of compliance with the Department's regulations. Consequently, audit findings are partially accurate.

MCC contends, however, that the work performed by the four (4) FWS recipients at the[] and the[] organizations were indeed in the public interest. MCC believes the missions and purposes of the two (2) agencies were plainly in the public interest. These two (2) non-profit agencies provide services to the general population. The work being provided by the student workers was directly related to the agencies' programs which serve needy residents in the Omaha area. Interpretation of the agency classification as not being in the public interest is questioned. The Secretary of the Department of Education considers work in the public interest to be work performed for the national or community welfare. 34 C.F.R. § 675.22(a). MCC believes the work of these four FWS recipients fully satisfied that standard. The FWS amounts paid out to the four (4) students who worked at these two (2) agencies totaled \$6,601.50.

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action

Return to the Department \$14,636.50 of improper payments. This is the original \$21,238.00 less the \$6,601.50 paid to the four (4) FWS recipients working at the []and the []organizations.

MCC Corrective Action Implemented

June 2010

- **Audit 5.2 Recommendation**

Review the college records for the remaining 108 FWS recipients in the universe who were not in the Department's sample of 25 or included in our finding and (a) identify the amount of funds that were improperly paid to the FWS recipients and (b) return that amount to the Department.

Response: MCC concurs

When the FWS compliance issues were made known to the College, the College's Department of Financial Aid began to address the violations.

MCC Corrective Action

The College reviewed all one-hundred-eight (108) FWS recipients in the universe to address identified deficiencies and for compliance with required regulations. Implementation of the []time clock tracking and the reassignment of responsibility for program oversight have prevented additional violations.

MCC Corrective Action Implemented

June 2010

- **Audit 5.3 Recommendation**

Adhere to the FWS regulations by ensuring that:

- (a) The type of work performed at private nonprofit FWS entities is permitted by the regulations,*
- (b) Written contracts are in place for all private nonprofit entities,*
- (c) Documentation supporting FWS job descriptions is maintained,*
- (d) FWS recipients do not work FWS jobs during scheduled class hours,*
- (e) Only eligible students participate in the FWS program, and,*
- (f) FWS recipients are paid only for the hours worked.*

Response: MCC concurs

During the audit period the processes and procedures were not always adhered to resulting in miscalculations. The College has taken steps to develop and implement effective procedures and processes.

MCC Corrective Action

All students are now tracked on the same electronic time clock system []as are regular non-exempt employees. All contracts with FWS employers are verified and in place prior to students working with organizations. All FWS workers' class and work schedules are verified to ensure there are no timing conflicts between them.

The College maintains a complete record for active FWS positions.

A Financial Aid Coordinator (supervisor) now administers and monitors the FWS system rather than having a Financial Aid Specialist complete this task.

The College will continue to review all FWS students to ensure that we become and remain compliant with FWS rules.

MCC Corrective Action Implemented

July 2010 and reviewed annually

- **Audit 5.4 Recommendation**

Obtain training for those responsible for administering the FWS program and supervising the work of FWS recipients.

Response: MCC concurs

The College agrees that training is essential.

MCC Corrective

The College has taken numerous steps to ensure compliance with all FWS rules. The FWS program is currently supervised by a Financial Aid Coordinator. This is a professional level financial aid management position. All financial aid managers receive extensive training and are required to attend at least two professional training events per year. The previous employee assigned to assist with the administration of the program was not a professional level employee.

Approved training provided to management staff is provided by the State, Regional and National Associations of Student Financial Aid administrators. The College also sends at least two management staff to the annual Federal Student Aid Conference for continuing education and training. In addition to training conferences, management staff participates in numerous webinars provided throughout the year by these same organizations.

MCC Corrective Action Implemented

June 2010 and reviewed annually

Finding No. 6 - Students Without Evidence of Attendance Not Properly Identified and Return of Title IV Aid Incorrectly Calculated

Response: MCC does not concur with Finding No. 6. Information to support this position is stated here:

- **Audit 6.1 Recommendation**

Return to the Department or lenders, as appropriate, \$8,074 in Title IV funds resulting from its failure to properly (a) identify students who never attended and (b) calculate the return of Title IV aid.

Response: MCC does not concur

Prior to the audit visit, the College had commenced developing new processes that related to grades affected by official and unofficial withdrawal of a student. Numerous Academic and Student Affairs personnel were involved in discussions in an effort to come to a consensus as to how to handle withdrawal grades. The result of this activity was the creation of a new action status of WX and a new grade value of FX. These two (2) new codes were designed to assist faculty in determining how to handle student non-attendance. Faculty has the responsibility to appropriately assign an action status or grade value designed to assist with the process of grading and assure integrity (*Supporting Document 6.1A-B*).

MCC faculty is required to accurately report grades and, when applicable, indicate a last date of student attendance in the MCC educational software system. This software system is the official repository for all College records and is a public document pursuant to the Nebraska Public Records Act (Neb.Rev.Stat. §§84-712 through 84-712.09). The MCC educational software system is the most reliable, and only official, source for student grade and attendance data. Interpretation of, and reliance upon, the unofficial notations and markings made by an instructor in their personal classroom records is not a reliable or credible source of official institutional information, and such sources reviewed during the course of the present audit should not be relied upon as support for the Department's official findings.

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action

The grade of FX and action status of WX were already in place and being utilized at the time of the audit. The College will continue to provide faculty and staff development related to class management grading procedures and emphasize the importance of abiding by policies and procedures.

MCC Corrective Action Implemented

September 2009

- **Audit 6.2 Recommendation**

For instances not included in the Department's samples, review its records, identify the amount of Title IV funds that were improperly retained for the Title IV recipients who withdrew from Metropolitan or never attended a term, and return to the Department or lenders, as appropriate, that amount plus any interest and special allowance.

Response: MCC does not concur

MCC disputes the findings and the amount of alleged overaward in this recommendation.

MCC Corrective Action

Continue to emphasize the importance of abiding by policies and procedures.

MCC Corrective Action Implemented

September 2009

Finding No. 7 – Title IV Funds Not Returned Timely

Response: MCC does not concur with Finding No. 7.

- **Audit 7.1 Recommendation**

Establish effective internal control to ensure that it returns unearned Title IV funds timely.

Response: MCC concurs

Immediately following the audit period, the College converted the Return to Title IV process from a manual process to a procedure which utilizes the educational software tool that is provided by our software provider.

MCC Corrective Action

The Return to Title IV policy and procedure is monitored using the educational software system of the College. Weekly reports identify students who officially withdraw from all of their classes and are subject to a review. The return calculation is run using the delivered software product which conforms to the federal regulations/calculations necessary to determine eligible funds after complete withdrawal from classes. By using the educational software, all calculations are completed in a timely manner and returns are automatic. Notifications to students are also recorded and tracked within the system to ensure compliance with the 45-day rule. All unearned Title IV funds are being calculated and returned in a timely manner.

MCC Corrective Action Implemented

July 2010

- **Audit 7.2 Recommendation**

Promptly determine the withdrawal date of a student who withdraws without providing official notification.

Response: MCC concurs

Immediately following the audit period, the institution converted the Return to Title IV process from a manual process to a procedure which utilizes the educational software tool that is provided by our software provider.

MCC Corrective Action

For unofficial withdrawals, a quarterly report identifies students whose grade record indicates a potential unofficial withdrawal. The report is reviewed for potential required return calculations. All records are retained in the educational software with corresponding dates of last attendance and required return amounts.

MCC Corrective Action Implemented

July 2010

- **Audit 7.3 Recommendation**

Post a letter of credit because it exceeded the refund reserve standard threshold under 34 C.F.R. and §668.173 (c).

Response: MCC does not concur

According to Federal Student Aid Handbook, “Public schools and schools covered by a state tuition recovery fund that has been approved by the Department are not subject to the letter of credit requirements” (*Supporting Document 7.3A-B*). The College is a public school (and a political subdivision of the State of Nebraska) created by Neb. Rev. Stat. § 85-1504(6)(R.R.S.1999).

MCC Corrective Action

All required refunds under the Title IV rules are calculated and returned in a timely manner. A letter of credit is not required for public institutions.

MCC Corrective Action Implemented

Not applicable

Finding No. 8 – Retroactive Pell Disbursements Not Always Based on Credit Hours That Students Completed

Response: MCC concurs with Finding No. 8.

• **Audit 8.1 Recommendation**

Return to the Department the \$2,445 in retroactive Pell disbursements improperly made for 5 of the 27 students in the sample.

Response: MCC concurs

The College was incorrectly including classes from which the student had withdrawn or been withdrawn in calculating the award of retroactive Pell disbursements.

MCC Corrective Action

Retroactive Pell disbursements are now only awarded for classes which the student actually completed.

The process for monitoring student enrollment history has been reviewed and a more efficient system for tracking student enrollment history is now in place using College software insuring compliance with federal statutes and regulations that govern the retroactive award of Pell disbursements.

MCC Corrective Action Implemented

July 2010

- **Audit 8.2 Recommendation**

Review college records for the remaining 219 students who received potential retroactive Pell disbursements during award year 2009-2010 and(a)(a) identify the amount of Title IV funds that was retroactively disbursed to students based on credit hours they had not completed and (b) return that amount to the Department.

Response: MCC concurs

The College acknowledges the need to review records and return, as appropriate, Title IV funds.

MCC Corrective Action

The College will review the files of all students who received retroactive Pell disbursements during the audit period to calculate the overaward and repay any necessary funds.

MCC Corrective Action Implemented

To be determined

- **Audit 8.3 Recommendation**

Revise and test the rules in the college's higher education software to ensure that retroactive disbursements are based on credit hours already completed.

Response: MCC concurs

The College acknowledges the need to review, revise and test the rules in its higher education software.

MCC Corrective Action

The College has revised and tested the College's higher education software to ensure it results in compliance.

MCC Corrective Action Implemented

July 2010

Other Matters

For the academic year 2009-2010, Metropolitan's published and implemented SAP policies included all components necessary to comply with Federal regulations. However, the SAP policy published in Metropolitan's catalog and made available to students did not clearly describe the policy that Metropolitan implemented.

MCC Response to Other Matters

The SAP policy that was "printed" in the 2009-10 catalog was not updated for the 2009-10 year until after the printing deadline for the catalog had occurred. The updated policy was published and correctly available from the financial aid web site under "Satisfactory Progress," but the corrections to the actual policy were not updated in the on-line version of the catalog creating confusion for students. During the audit period, correct copies of the policy and procedure were being provided to affected students with their SAP status notification letters.

Currently, all required changes to SAP policies and procedures are reviewed and updated in the annual printed catalog and posted on the web site for reference by students. All updated policies and procedures continue to be consistent between the printed catalog and in the on-line resources made available to students.

Supporting Documents for Responses to Audit Findings

- 1.1 Supporting Documents
 - A) 2006 ATB Regulation
 - B) Updated ATB Regulation
 - C) 2009-10 FSA Handbook Volume 1, Chapter 1
 - D) 2011-12 FSA Handbook Volume 1, Chapter 1

- 1.2 Supporting Documents
 - A) [Student last name and identification number redacted].
 - B) [Student last name and identification number redacted].
 - C) [Student last name and identification number redacted].
 - D) [Student last name and identification number redacted].
 - E) [Student last name and identification number redacted].
 - F) [Student last name and identification number redacted].
 - G) [Student last name and identification number redacted].

- 2.1 Supporting Documents (see 2.2)

- 2.2 Supporting Documents
 - A) [Student last name and identification number redacted].
 - B) [Student last name and identification number redacted].
 - C) [Student last name and identification number redacted].
 - D) [Student last name and identification number redacted].
 - E) [Student last name and identification number redacted].
 - F) [Student last name and identification number redacted].

- 2.3 Supporting Documents
 - A) CFR Chapter 34 Part 668 Law Related to Standards of Progress for Financial Aid
 - B) Current Institutional Policy and Appeal

- 4.1 Supporting Documents
 - A) ECAR with highlighted programs

- 6.1 Supporting Documents
 - A) WX and FX Definitions and Procedures
 - B) FAQ about WX and FX

- 7.3 Supporting Documents
 - A) 2009-10 FSA Handbook Volume 2, Chapter 11, page 6
 - B) 2011-12 FSA Handbook Volume 2, Chapter 4, page 15