March 15, 2006

Control Number ED-OIG/A05G0012

Dr. Kenneth A. Yowell
President
Edison State Community College
1973 Edison Drive
Piqua, Ohio 45356

Dear Dr. Yowell:

The purpose of this letter is to notify you that we are terminating our audit of Edison State Community College’s (College’s) compliance with selected requirements of the Student Financial Assistance (SFA) programs authorized under Title IV of the Higher Education Act of 1965, as amended (HEA). The objectives for our audit were to determine if, for the fiscal year ended June 30, 2005, the College complied with the HEA and student financial assistance regulations governing (1) the use of professional judgment in determining the amount of SFA funds that students are entitled to receive, (2) the return of SFA funds for students who had withdrawn from programs, and (3) appeals for unsatisfactory academic progress.

We identified two issues during our survey.

- The College has a published Satisfactory Academic Progress (SAP) policy that does not comply with the federal maximum-credit-hours-attempted limit for SFA recipients. However, the College had not awarded any SFA funds to any students who had exceeded this federal limit. It also agreed that its SAP policy is not in compliance with the federal maximum-credit-hours-attempted limit and stated that it would correct the problem.

- The College’s Academic Catalog and its website could be interpreted as guaranteeing immediate employment upon graduation to students enrolled in certain of its programs. The College stated that it would revise its Catalog and website to clarify that immediate employment is not guaranteed for any of its students.

We have terminated our audit because we did not identify any material noncompliance with the SFA regulations governing our three audit objectives other than the minor issues identified above.

Methodology

Before terminating our audit, we performed the following procedures:
• Reviewed the HEA, student financial assistance regulations, and relevant portions of the 2004-05 FSA Handbook and interviewed staff of the FSA Case Management Team to clarify certain FSA requirements;

• Interviewed auditors of Deloitte and Touche LLP, which was the firm that conducted independent audits of the College required under Office of Management and Budget Circular A-133, and reviewed supporting documentation for their audits of the College for the fiscal years ending June 30, 2004 and June 30, 2005;

• Interviewed personnel in the College’s student financial aid office as well as students who had filed SAP appeals or appeals of professional judgment decisions;

• Determined if the College’s data on student awards was consistent with data from the National Student Loan Data System and the Central Processing System to support whether we could rely on the computer generated data of the school for evaluating SFA disbursements;

• Determined the reliability of the lists of students with professional judgment adjustments, satisfactory academic progress appeals, and return of SFA funds calculations that the College provided by selecting and testing control samples;

• Determined from file reviews of all SFA recipients who had met or exceeded the maximum limit of credit hours attempted allowable by federal regulations as a further test that the College had not made any overawards. Determined if the College had data to support its statement in the online catalog that some of its programs lead to immediate employment upon program completion.

We also obtained and tested separate data samples in three areas. These consisted of samples evaluating whether the College followed the HEA and all Departmental guidance regarding the use of professional judgment in determining the amount of SFA funds that its students were entitled to receive, a sample for evaluating and documenting appeals for unsatisfactory academic progress, and a sample for calculating the amounts of SFA funds that should have been returned to the Department and/or lending institutions and comparing them to the actual returns. We found no exceptions in any of these tests. The following table shows the sizes of the universes and samples for each of our tests:

<table>
<thead>
<tr>
<th>What We Tested</th>
<th>Size of Universe</th>
<th>Size of Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Professional Judgment</td>
<td>89</td>
<td>30</td>
</tr>
<tr>
<td>Professional Judgment Control Sample</td>
<td>1,530</td>
<td>30</td>
</tr>
<tr>
<td>Approved SAP Appeals</td>
<td>120</td>
<td>30</td>
</tr>
<tr>
<td>Denied SAP Appeals</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>SAP Control Sample</td>
<td>1,489</td>
<td>30</td>
</tr>
<tr>
<td>Calculations of Returns of SFA Funds</td>
<td>170</td>
<td>30</td>
</tr>
<tr>
<td>SFA Returns Control Sample</td>
<td>1,449</td>
<td>30</td>
</tr>
</tbody>
</table>
Note: We conducted control sample testing to provide some assurance that the lists provided by the College included all of the cases that should have been included in each category.

We conducted our onsite fieldwork between December 5, 2005, and December 8, 2005 at Deloitte and Touche LLP offices in Dayton, Ohio, and during the period from December 12, 2005 to January 13, 2006. We performed our work in accordance with generally accepted government auditing standards appropriate to the scope of our audit.

**Administrative Matters**

Our audit was limited to the work described above and would not necessarily disclose all material weaknesses in the College’s administration of the SFA programs. Accordingly, the contents of this letter should not be construed as acceptance or approval of the College’s administration of SFA programs. The termination of this audit does not preclude further reviews and audits of this or similar areas by the Office of Inspector General, and it does not preclude the U.S. Department of Education from taking further action concerning the College’s administration of the SFA programs. The work we performed is not a substitute for any other reviews or audits required by law, license, or accreditation.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports and other documents 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.

We wish to express appreciation for the cooperation and assistance extended by your staff during the audit. Should you have any further questions regarding our work, please contact Margaret Montgomery at (816) 268-0514 or Jonathan Enslen at (312) 886-8649. No response to this letter is required.

Sincerely,

[Signature]

Richard J. Dowd  
Regional Inspector General  
for Audit

cc: Sue Szabo, General Manager for Borrower Services, FSA  
Douglas Parrott, Chicago Area Case Director, FSA  
Sherry Quade, Audit Liaison Officer, Institutional Audits, FSA