



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES
Chicago/Kansas City Audit Region

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Control Number
ED-OIG/A05I0012

James F. Cummins
President
Baker College
1050 West Bristol Road
Flint, Michigan 48507

Dear Mr. Cummins:

This **Final Audit Report**, entitled *Baker College's Compliance with Selected Provisions of the Higher Education Act of 1965 and Corresponding Regulations*, presents the results of our audit. The objective of the audit was to determine whether Baker College (College) correctly identified when distance education students began and ceased attendance when it (1) determined students' eligibility for Federal student aid disbursements and (2) performed return of Title IV aid calculations. Our original audit period was award year 2006-2007. However, the College did not retain source data used for determining the weekly attendance recorded in its electronic system of records for any of the quarters during that award year. Therefore, we expanded our audit to include testing the supporting documentation for the fall 2007 and winter 2008 quarters (part of award year 2007-2008) to determine the reliability of the College's electronic system for maintaining attendance records.

BACKGROUND

According to the College's 2007-2008 catalog, the College is a non-profit, independent, co-educational institution. It was incorporated on September 17, 1909, as a Michigan non-profit corporation.

The College is accredited by The Higher Learning Commission, a Commission of the North Central Association of Colleges and Schools. Per its 2007-2008 school catalog, the College is the largest independent college in Michigan. The College serves more than 35,000 students and operates 9 campuses, 6 extension sites, and a distance education program. It offers more than 150 programs awarding certificates and associates, bachelors, and masters degrees. Students can be enrolled in both distance education and traditional courses within a single quarter.

The Baker College Center for Graduate Studies manages the distance education program and offers online programs in four 12-week quarters consisting of two 6-week sessions. Distance

education classes can be 6 or 12 weeks in duration. Students may enter distance education programs at the beginning or midpoint of any quarter, and the student's enrollment status (full-time or less) is determined by the classes in both sessions. Non-distance education programs are offered in an academic year consisting of three 10-week quarters (fall, winter, and spring) and a 9-week summer quarter. Students must begin the program at the beginning of a quarter.

The College used two computer systems to document attendance for distance education students.

1. Blackboard™, a commercial web-based software product, is used to deliver the College's online instruction. It is used by both students and instructors. Examples of information in the system include student logons, pages viewed, academic postings, grades, participation in discussion groups, academic assignments, and records of interactions with the instructor. Blackboard data are the primary evidence of class participation (attendance) for distance education students.
2. Carina, a College-developed management information system, contains a module to record student attendance in both on-line and on-campus classes. Each week, instructors determined whether the student attended at any time during the weekly period of attendance and entered the determination into Carina. Carina attendance records document only that the student attended at some time during the weekly period of attendance. The Carina attendance records do not identify the date or nature of the student's last academic activity during the weekly attendance period. The President of Baker College Online informed us that the College considers the Carina attendance data to be the student's official record, and the College used those data for determining student eligibility and calculating return of Title IV aid for distance education students who received Federal funds.

The purpose of the programs authorized by Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA), is to provide financial assistance to students attending eligible institutions of higher education. For award years 2006-2007 (July 1, 2006, through June 30, 2007) and 2007-2008 (July 1, 2007, through June 30, 2008), the College participated in six Title IV, HEA programs: Federal Pell Grant (Pell); Federal Family Education Loan (FFEL); Federal Supplemental Educational Opportunity Grant (FSEOG); Federal Work-Study (FWS); Academic Competitiveness Grant (ACG); and National Science and Mathematics Access to Retain Talent (SMART) Grant. The College received the following Title IV, HEA program funding on behalf of its students.

Table–Title IV, HEA Program Funding

Program	Award Year 2006-2007		Award Year 2007-2008	
	Distance Education Students	All Students	Distance Education Students	All Students
Pell	\$3,280,168	\$40,682,078	\$4,074,643	\$47,769,751
FFEL Subsidized	\$8,355,118	\$68,540,699	\$14,089,419	\$90,768,191
FFEL Unsubsidized	\$8,601,276	\$61,520,211	\$13,491,143	\$62,899,687
FFEL Plus	\$111,840	\$5,147,223	\$115,813	\$4,145,836
FSEOG	\$143,261	\$3,225,574	\$188,162	\$3,255,380
FWS	\$108,961	\$1,496,640	\$88,070	\$1,616,561
ACG	\$1,183	\$76,762	\$433	\$84,553
SMART	\$234,641	\$453,766	\$185,319	\$329,310
Total	\$20,836,448	\$181,142,953	\$32,233,002	\$210,869,269

The total amount of Title IV, HEA program funding for all of the College’s students, as shown in U.S. Department of Education (Department) records, includes funding for the College’s nine campuses and six extension sites. The President of Baker College Online and the College’s Vice President for Student Services provided us with information about the amounts of Title IV, HEA program funding that the College’s distance education students received.

AUDIT RESULTS

For distance education students who unofficially withdrew or dropped out, the College did not correctly identify when the students began and ceased attendance when it (1) determined students' eligibility for Federal student aid disbursements and (2) performed return of Title IV aid calculations. The College did not maintain records that were adequate to support its determination of attendance for its distance education students during award year 2006-2007 (see Finding No. 1). In addition, the College incorrectly identified when distance education students who unofficially withdrew or dropped out began and ceased attendance during award year 2007-2008 (see Finding No. 2). We randomly selected 100 of 2,338 distance education students who received Title IV, HEA program funds and received a failing grade or withdrew from at least one class, during the fall 2007 and winter 2008 quarters. We identified errors for 22 of the 100 students in our sample. Of those 22, 11 students had errors that had or could have had a financial effect on the amount of funds the College was allowed to retain.

We recommend that the Chief Operating Officer (COO) for Federal Student Aid (FSA) require the College to develop and implement written policy and procedures for its automated attendance system. We also recommend that the College return \$9,790¹ of Title IV, HEA program funds

¹ \$5,516 Subsidized FFEL funds, \$1,532 Unsubsidized FFEL funds, and \$2,742 Pell Grant funds.

disbursed to 8 ineligible students and for 3 students for whom the College's attendance records did not support retention of all Title IV, HEA program funds after student withdrawal. The College also should be required to review its records for distance education students who received Title IV, HEA program funds for award year 2007-2008 and (1) identify students with unsupported periods of attendance; (2) determine the amount of Title IV, HEA program funds disbursed to students who were not entitled to receive the funds because of insufficient attendance documentation; (3) identify the amount of Title IV, HEA program funds disbursed to students who were not entitled to receive the funds because of reduced student eligibility; and (4) return those amounts to the Department and lenders, as appropriate.

We provided a draft of this report to the College for review and comment on September 24, 2009. We received the College's comments on November 6, 2009. The College disagreed with all of our findings and recommendations. We summarized the College's comments at the end of each finding. Except for personally identifiable information (that is, information protected under the Privacy Act of 1974 (5 U.S.C. § 552a)), the entire narrative of the College's comments is included as Attachment 2 to this report. All personally identifiable information included in the College's comments has been redacted.

Based on the College's comments and our analysis of additional information that the College provided with its comments, we revised the report to clarify that the College used the last day of the weekly attendance period as the student's last date of attendance only for students who unofficially withdrew. We also revised the discussion of the results of our sample to clarify that disbursements to 11 of the 100 students could not be supported by the College's attendance records. We did not make any other significant revisions to the findings and recommendations.

FINDING NO. 1 – The College Did Not Maintain Records That Were Adequate to Support Its Determination of Student Attendance During Award Year 2006-2007

The College did not retain records that were adequate to support its determinations of student attendance during award year 2006-2007. The College considered attendance data recorded in Carina to be the student's official record and used Carina data for determining student eligibility and calculating return of Title IV aid for distance education students who received Federal funds. The College's instructors used Blackboard data and information from other sources, such as emails between the student and instructor, to make and record weekly determinations of attendance in Carina. However, Carina did not capture the actual dates or nature of the student's last academic activity during the weekly attendance period. In Carina, a student who attended at any point during a week was considered to have been in attendance for the entire week. The College did not require instructors to retain information external to Blackboard that was used to make the determinations of attendance entered in Carina.

The President of Baker College Online informed us that source data from Blackboard were retained only for the three most recent quarters because of limited storage capacity.² However, Blackboard captured a record of distance education students' academic activity and was the primary support for the attendance determinations that instructors entered into Carina and then the College used for determining student eligibility and calculating return of Title IV aid. Given

² At our request, the College retained the fall 2007 Blackboard data that had been scheduled for deletion.

the absence of any other control or method to verify whether the College correctly determined when distance education students began or ceased attending classes during award year 2006-2007, Blackboard information was necessary to verify the data in Carina.

Because award year 2006-2007 Blackboard data were not available, we tested the adequacy of Carina attendance records by comparing recorded attendance for 2 quarters of award year 2007-2008 to evidence of academic activity contained in Blackboard. Given that the College's system for determining attendance was the same during our original audit period (award year 2006-2007) as it was during the College's fall 2007 and winter 2008 quarters, it is reasonable to conclude that the results of testing to determine the reliability of attendance data for the fall 2007 and winter 2008 quarters may also be used to determine the reliability of attendance data during our original audit period.

When we compared the data for the fall 2007 and winter 2008 quarters recorded in Carina with the Blackboard data, we found that the Carina data were not sufficiently reliable to determine the dates that students had started and ended their attendance. Because the College's system for determining attendance was the same during award year 2006-2007 as it was during the fall 2007 and winter 2008 quarters, we concluded that the attendance data recorded in Carina were not sufficiently reliable to determine when online students began and ceased attendance during award year 2006-2007. However, we are unable to determine the extent of the attendance determination errors made during award year 2006-2007. When we began our fieldwork in May 2008, all supporting documentation for award year 2006-2007 weekly attendance data had been deleted.

Record Requirements

According to 34 C.F.R. § 668.24 (a)(3),³ "An institution shall establish and maintain, on a current basis . . . program records that document . . . [i]ts administration of the title IV, HEA programs in accordance with all applicable requirements;" According to 34 C.F.R. § 668.24(e)(1)(2007), "An institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, Federal Pell Grant, ACG, or National SMART Grant Program for three years after the end of the award year for which the aid was awarded and disbursed under those programs" The FFEL and Direct Loan programs' retention period is provided in 34 C.F.R. § 668.24(e)(2)(i): "An institution shall keep records relating to a student or parent borrower's eligibility and participation in the FFEL or Direct Loan Program for three years after the end of the award year in which the student last attended the institution"

The Federal Student Aid Handbook 2006-2007, *Volume 2 - School Eligibility and Operations, Chapter 9: Recordkeeping and Disclosure*, interprets the regulations for participating schools. The Handbook emphasizes the importance of maintaining complete records:

The importance of maintaining complete, accurate records cannot be overemphasized. Program and fiscal records must demonstrate the school is capable of meeting the administrative and fiscal requirements for participating in

³ Except as noted, all C.F.R. references for Finding No. 1 are to the July 1, 2005, edition. A separate volume containing regulations for the Title IV, HEA programs was not published in 2006.

the FSA programs. In addition, records must demonstrate proper administration of FSA program funds and must show a clear *audit trail* for FSA program expenditures. For example, **records for each FSA recipient must clearly show that the student was eligible for the funds received, and that the funds were disbursed in accordance with program regulations.** (emphasis is in original)

According to 34 C.F.R. § 668.22(c)(1)(iii), an institution that is not required to take attendance uses the midpoint of the payment period or period of enrollment as a student's last date of attendance if the student ceases attendance without providing official notification. However, an exception to this requirement is allowed by 34 C.F.R. § 668.22(c)(3)(i), which states, “[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.”

Return of Title IV Aid Calculations Based on Last Date of Attendance Recorded in Carina

The College made its return of Title IV aid calculations using the last date of attendance shown in Carina. Therefore, the College was required to document the student's last date of attendance at an academically related activity to calculate the amount to return to the Title IV, HEA programs. The College informed us that it retained attendance information contained in Carina indefinitely and considered the information in Carina the official student record. The College did not consider the information in Blackboard to be the official attendance record and, therefore, did not retain the Blackboard data once instructors determined attendance and recorded it in Carina. However, Carina attendance records document only that the student attended at some time during the weekly attendance period. The Carina attendance records did not identify the date or nature of the student's last academically related activity and, therefore, did not meet the regulatory requirement. For students who unofficially withdraw, the student's last date of academic activity could have been as many as 6 days earlier than the last date of the weekly attendance period used by the College as the student's last date of attendance.

In some cases, the last dates of attendance that the College used for the return of Title IV aid calculations would have directly affected the amount of Title IV, HEA program funds that the College was allowed to retain. Using the winter 2008 quarter as an example, a student who stopped attending during the fourth week of the first 6-week (42 day) session within the quarter could have had a last date of attendance in Carina of January 30, 2008, the last day of the weekly period of attendance for the fourth week of the session. The session began on January 3, 2008, and ended on February 13, 2008. Using the first day of the fourth weekly attendance period (January 24, 2008), as the student's last date of attendance, the student would have attended only 52 percent (22 of 42 days) of the session and would have been due a partial return of Title IV, HEA program funds received for the session. However, using the last day of the weekly attendance period (January 30, 2008) as the student's last date of attendance, the student would have been considered to have passed the 60 percent completion point, attending for 28 of the 42 days (67 percent) in the session. Therefore, no return of Title IV aid calculation and no return of Title IV, HEA program funds would be required.

Inadequate Control over Determining Distance Education Students' Attendance

The College lacked an adequate system of internal control over determining distance education students' attendance. During award year 2006-2007, the College did not have any written criteria for determining distance education students' attendance, and it had not established a mechanism for ensuring consistent practices for determining what constituted attendance for distance education students. The President of Baker College Online informed us that the College required an "academic posting" as support for attendance and further stated that a simple student logon was not sufficient support for attendance. However, for our audit period, the College did not provide a definition of "academic posting" to its instructors, and each instructor was allowed to define the term as he or she chose.

Our interviews with instructors disclosed significant variations regarding the data used to determine attendance. We interviewed 17 instructors who had distance education students for whom Carina attendance data were not supported by Blackboard attendance data.

- Ten instructors informed us that they might have used information such as emails, phone conversations, text messages, instant messages, and fax transmissions not captured in Blackboard when determining students' attendance.
- Seven instructors said that they used only Blackboard information for determining students' attendance.

Two instructors provided us with copies of emails kept outside Blackboard. We accepted the emailed submission of an assignment for one student as evidence of academic activity. We did not accept the emails between another instructor and a student because the emails were simply about the inability to complete assigned work and missed assignment deadlines.

Our interviews also disclosed significant variances among instructors regarding acceptable support for an academic posting. For example, several instructors informed us that they required "meaningful" or "substantial" postings in Blackboard as support for attendance. Another instructor explained postings must be "academic in nature." However, other instructors informed us that they accepted any Blackboard posting as support for attendance. One instructor stated that simply logging into Blackboard was sufficient support for attendance. Some instructors accepted emails from students as support for attendance while others did not.

The College did not require instructors to retain any information kept outside Blackboard that was used in making attendance determinations. In addition, the College did not provide support from any of these other forms of communication to show that the last dates of attendance for students in our sample were for academically related activities.

Actions Taken to Address Adequacy of Attendance Records

On March 16, 2009, the President of Baker College Online informed us that the College automated its attendance procedures in October 2008. The automated attendance procedures were handled by the College's information systems department. Attendance determinations are no longer left to instructor discretion. The automated procedure uses discussion board postings, assignment submissions, tests, quizzes, and biography postings (but only if they are assignments to be completed as documented by the course syllabus) to determine whether a student attended

distance education classes for the week. A simple student logon to Blackboard is not sufficient support for attendance. Instructors can submit an attendance change request if they believe the automated report is not correct. However, the request must include proper documentation supporting the student's attendance.

The College did not provide us with written policy covering the automated procedures, and we did not test the data produced by the College's automated attendance procedures for completeness or accuracy. If implemented as presented, the automated system should improve the College's procedures for determining student attendance. However, the College's revised procedures still do not identify the student's last date of attendance; they identify only the last week in which the student attended. The College's revised procedures still use the last day of the week from the last period of weekly attendance as the student's last date of attendance for return of Title IV aid calculations. Regulations governing the return of Title IV aid require schools to use the student's last date of attendance, not the last day of the student's last week of attendance.

Recommendations

We recommend that the COO for FSA require the College to—

- 1.1 Develop and implement written policy and procedures for its automated attendance system. The policy and procedures should address maintenance of records adequate to support student eligibility and ensure that the
 - a. specific date is documented and retained in accordance with the record retention requirements in those cases where the institution has chosen to use the last date of academic activity as the last date of attendance; and
 - b. midpoint is used in all cases where the institution is unable to document the actual last date of academic activity.

College Comments and OIG Response

General College Comments: The College did not agree with the finding and recommendations. The College stated that we—

- Misunderstood its policy for determining the last date of attendance;
- Held the College to a different and higher standard of documentation for attendance than other online education providers;
- Used subjective and arbitrary opinions to establish our findings; and
- Misinterpreted the regulation and used subjective criteria and different standards for online classes versus traditional on ground classes.

The College reiterated that the Carina data are the official record and that the instructor-recorded attendance in the Carina system has been the primary method of documentation for all courses delivered at the College. However, the College indicated that it has made significant enhancements to its administrative system based on recommendations from the draft audit report.

OIG Response: Based on the College's comments, we revised the finding to clarify that the College's policy described in this report is for determining the last date of attendance only for unofficial withdrawals because the College used the last day of the weekly attendance period as the student's last date of attendance only for unofficial withdrawals. We also revised the (1) presentation of the findings to make a clearer distinction between award year 2006-2007 and award year 2007-2008 and (2) recommendations to tie them more closely to the regulatory requirements.

We disagree with the College's assertion that we used subjective and arbitrary opinions as opposed to industry standards or published regulatory standards to establish the findings. Our findings are based on the HEA and corresponding requirements. The College did not identify any alternative industry or regulatory documentation standard used by other providers of online education.

Although the Department has not published specific guidance for documentation of online delivery, the regulations and guidance cited in the findings are applicable to all institutions, including distance education institutions that administer Title IV, HEA programs. The records requirements do not make a distinction between a school's "official" records and its other records. Therefore, we did not make any other significant changes to the finding or recommendation.

College Comments on Record Requirements: The College stated the following—

- 1) Discrepancies existed between Carina attendance and Blackboard data, but the College disagreed with the assertion that it is in violation of 34 C.F.R. § 668.24(e)(2)(i) because it maintains student records indefinitely.
- 2) It recorded and maintained comprehensive and accurate program and fiscal records for all delivery methods.
- 3) It required instructors to record attendance regardless of whether the students were in a traditional classroom setting or taking classes online.
- 4) It developed policies for online courses and program delivery to ensure that they were as closely aligned with face-to-face course policies as possible.
- 5) The OIG mixed up official and unofficial withdrawals. For official withdrawals, it reviewed Blackboard postings to determine the last date of attendance. For unofficial withdrawals, the College used the Carina postings for the last date of attendance. The only time it used the last day of the weekly attendance period as the last date of attendance was in the case of an unofficial withdrawal. Also, even though the College was not required to take attendance, it elected to do so. Therefore, for return of Title IV aid calculations for unofficial withdrawals, the College used the last date of attendance as opposed to the midpoint of the payment period or period of enrollment as the student's last date of attendance.

OIG Response: We disagree with the College's assertion that it was in compliance with the FFEL and Direct Loan programs' record retention requirements. While we agree with the College that it retains its Carina attendance information for the required period, we concluded that the College's Carina attendance data were not sufficiently reliable to show when distance education students began and ceased attendance because it does not include the student's actual

last date of attendance or the nature of the student's academic activities on that date. Carina simply captures the instructor's determination of attendance at some point during the weekly period of attendance. Blackboard postings are not adequate for determination of the last date of attendance for official withdrawals because they track activities after the start of the withdrawal process. For a student who has officially withdrawn, the withdrawal date is the date that the student began the withdrawal process or the date that the student otherwise provided official notification to the institution of his or her withdrawal.

The College elected not to use the midpoint of the payment period or period of enrollment as the last date of attendance for unofficial withdrawals. However, the College's process for students who unofficially withdrew used the last date of the weekly period of attendance, not the last date of attendance at an academically related activity, as the student's last date of attendance.

College Comments on Control over Determining Distance Education Students' Attendance: The College stated that we subjectively interpreted 34 C.F.R. § 668.22(c)(3), which states that an academically related activity includes, but is not limited to, an exam, a tutorial, computer-assisted instruction, academic counseling, academic advisement, turning in a class assignment or attending a study group that is assigned by the institution. The College defines online attendance as submission of any assignment or discussion board posting. Email conversations between the student and faculty, in which they discuss the student's inability to complete assigned work and the student's missed deadlines, fall under academic counseling, and, therefore, constitute evidence of attendance. The interaction between the student and instructor is evidence that the student intended to remain enrolled.

The College also stated that online faculty are required to complete an 18-week training program before teaching their first online course. The training covers all College policies and procedures, including attendance procedures.

OIG Response: We disagree. An institution may use the midpoint of the payment period or period of enrollment as the student's last date of attendance, or it may choose to use the 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. The College's written attendance policy defines attendance as submission of any assignment or discussion board posting. Though the College claimed that an academic posting is evidence of an assignment submission, it did not provide any written guidelines or criteria defining what is acceptable for an academic posting. The weekly determination of attendance, as recorded in Carina, did not document whether a student's last activity was academically related.

Despite the College's 18-week training program for instructors, our audit identified significant discrepancies among instructors regarding data used to determine attendance and regarding acceptable support for an academic posting.

College Comments on Actions Taken to Address Adequacy of Attendance Records: The College stated that it has improved its attendance procedures by automating the process. During each seminar week, the new procedure will use discussion board postings, assignment submissions, tests, and quizzes captured by Blackboard to determine student attendance. The College concluded that documenting the process was not necessary because the process is automated and online instructors no longer make attendance determinations.

The College also stated that it recognizes that a discrepancy exists between Carina attendance and Blackboard data. Given the various activities and technologies used to establish attendance, Carina attendance records and Blackboard activity will not be in perfect alignment. However, the College will no longer accept biography postings as evidence of attendance unless the biographies are assignments to be completed as documented by the course syllabus. For official withdrawals, the College will use the last posting on the Blackboard system as the last date of attendance and will maintain the last posting and attach it to the Title IV worksheet.

The College also noted that the Department has not published guidance that establishes definitive criteria for documentation of online delivery of postsecondary education. The College defines online attendance as submission of any assignment or discussion board posting. An academic posting is considered sufficient for submission of an assignment.

OIG Response: As described, the changes to the College's procedures would improve its attendance records. However, we disagree with the College regarding the need to maintain documentation of the automated attendance process. If the College's process is not documented, there will be no way to know whether the records it maintains are sufficient to demonstrate the College's compliance with program requirements. Also, it will not be possible to compare the criteria being used for the automated process to regulatory requirements. Further, the automated attendance determination process still does not document the academic activities that were used to make the electronic determination of attendance.

The College agrees that discrepancies existed between its Blackboard and Carina, and stated that Blackboard and Carina will not be in perfect alignment. However, the College's Carina attendance determinations cannot be considered reliable if the Blackboard information used as the primary source for making the determinations conflicts with the Carina data.

The College's assertion that the Department has not established separate guidance for distance education courses is true; however, the criteria we cite for our finding applies to all institutions participating in the Title IV, HEA programs.

FINDING NO. 2 – The College Incorrectly Identified When Distance Education Students Began and Ceased Attendance

The College did not correctly identify when distance education students began and ceased attendance during the fall 2007 and winter 2008 quarters of award year 2007-2008.⁴ We randomly selected 100 distance education students, who received \$257,655, from a universe of 2,338 distance education students who (1) received approximately \$6 million of Title IV, HEA program funds for the fall 2007 and winter 2008 quarters and (2) had been enrolled in a distance education class for which they were at risk of having never attended during the quarters (that is, the student did not receive a grade higher than an "F" for one of the distance education classes attended for the quarter). Students with incomplete distance education classes in both the fall 2007 and winter 2008 quarters would have been included twice and had an increased chance for selection.

⁴ We tested the fall 2007 and winter 2008 quarters (award year 2007-2008) because Blackboard data were not available for award year 2006-2007.

We compared the data recorded in Carina to data in Blackboard to determine whether the College correctly identified when distance education students began and ceased attendance in distance education classes for the fall 2007 and winter 2008 quarters. To determine whether Blackboard contained supporting information for distance education classes, we searched various areas in Blackboard for evidence of academic engagement for each week of instruction for each distance education class for all 100 students in our sample.⁵ The various areas in Blackboard included records of participation in various discussion groups, grades, and academic assignments.

Because of the volume of Blackboard information, we did not attempt to identify all Blackboard support for all weeks for all distance education classes taken by the 100 students in our sample, and we did not attempt to determine the students' actual last dates of attendance. For the purpose of the review that we performed for this finding, we considered an entry in Carina to be acceptable for determining a student's enrollment status if we found any support in Blackboard that indicated the student attended at some point during that weekly period of attendance. We did not consider an entry in Carina to be acceptable if it was for the student's last date of attendance in the class, and it was made for a week that included the 60 percent completion point of the payment period because the entry does not reflect a specific date of any academic activity.

We concluded that the Carina data alone were not sufficiently reliable for determining the actual dates of attendance or for return of Title IV aid calculations. Carina did not capture the student's actual last date of attendance; it documented only the last week during which the student attended.⁶ Therefore, the student's last date of attendance could be as many as 6 days earlier than the date shown in Carina. An accurate last date of attendance is crucial for preparing a correct return of Title IV aid calculation.

In addition to concluding that Carina data alone were not sufficiently reliable for determining students' actual last dates of attendance, we concluded that the attendance information contained in Carina for the two quarters we tested did not accurately reflect the distance education students' attendance as captured in Blackboard. Based on our comparisons with Blackboard information, the College lacked evidence of academic activity for either the first or last weeks of attendance that had been recorded in Carina for 22 of the 100 sampled students. The College either (1) recorded beginning attendance for which we could find no evidence of academic activity in Blackboard for the initial week of class (14 students) or (2) did not provide support for the last week or two of attendance determinations recorded in Carina (9 students).

1. For the first category of 14 students, the College did not have evidence to show that 9 of the students ever attended all of their distance education classes. Without evidence of attending the distance education classes, the College should have determined whether the nine students' enrollment statuses should have been reduced. Four of the nine students attended sufficient additional classes during the quarter to remain eligible for the aid they received. However, five of the nine students did not attend sufficient additional classes to remain eligible for all of the Title IV, HEA

⁵ We did not attempt to verify support for Carina attendance determinations made for non-distance education classes attended by students in our sample because that work was outside the scope of our audit.

⁶ College officials informed us that the College used the last day of the weekly attendance period for which the student stopped attending as the student's last date of attendance for students who unofficially withdraw.

program funds they received (as a result of their reduced student enrollment status). The five students received \$4,617 of Title IV, HEA program funds.⁷

For the remaining 5 students in this category, the College had only a student biography as evidence of academic engagement for one distance education class. These students' biographies did not contain any evidence of academic engagement. None of the biography information we reviewed for these students indicated that they attended class or engaged in any activity for the purpose of learning its subject; instead, the biographies were general and introductory in nature, more consistent with a student's registration or orientation than with the student's attendance.⁸ Two of the five students having only the student biography as evidence of attendance for a class attended sufficient additional classes during the quarter and were eligible for the financial aid they received. The other three students did not attend sufficient additional classes to remain eligible for the \$2,434⁹ in Title IV, HEA program funds they received.

2. For the second category of nine students, the College's Carina attendance data showed that six students attended beyond the 60 percent point within the quarter (one student was also counted in item number one above for a different class). The College could not provide support for the last week or two of attendance for five of these students. The College also could not support that one student attended beyond the 60 percent point. Because the College could not support the student's last 2 weeks of attendance as shown in Carina, it should have prepared a return of Title IV aid calculation. We prepared a return of Title IV aid calculation and determined that the College should have returned \$932 in Unsubsidized FFEL funds.

For two of the nine students, Carina attendance data showed that the students attended through the fourth week of the quarter. The fourth week of the quarter included the 60 percent completion point for the two students. The last date of attendance shown in Carina for these two students was the last day of the weekly attendance period for the fourth week. However, the actual last date of academic activity during the weekly attendance period could have been as many as 6 days before the last day of the weekly attendance period. The Carina attendance records alone were not sufficient to support that the students passed the 60 percent completion point needed to justify retention of 100 percent of tuition and fees. If students do not pass the 60 percent completion point, the College either must complete a return of Title IV aid calculation using the midpoint of the payment period or provide documentation of each student's last date of academic activity. If the student's last date of documented academic activity was prior to the 60 percent completion point, then the College is required to complete a return of Title IV aid calculation using either the last date of documented activity or the midpoint of the payment period. We prepared return of Title IV aid calculations for the two students using the midpoint of the payment period. We determined that the two students were due \$1,807 in return of Title IV aid funds.¹⁰

⁷ \$2,630 Subsidized FFEL funds, \$290 Unsubsidized FFEL funds and \$1,697 Pell Grant funds.

⁸ We accepted biography postings as evidence of academic activity for six distance education students' classes because those biographies were instructor-required assignments and contained relevant class content.

⁹ \$1,389 Subsidized FFEL funds and \$1,045 Pell Grant funds.

¹⁰ \$1,497 Subsidized FFEL funds and \$310 Unsubsidized FFEL funds.

A student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution (34 C.F.R. § 668.32 (a)(1)(i)).¹¹ To receive a FFEL Program loan, the student must attend at least half-time (34 C.F.R. § 668.32(a)(2)). For Pell program funds, according to 34 C.F.R. § 690.80(b)(2)(ii), if a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance.

Inadequate Control over Determining Distance Education Students' Attendance

During award year 2007-2008, the College's instructors manually entered attendance data into Carina on a weekly basis. The President of Baker College Online informed us that the College considered distance education students to be in attendance for the weekly attendance period if the student made an academic posting in Blackboard at any time during the weekly attendance period. The College then used the last day of that weekly attendance period as the student's last date of attendance for students who unofficially withdrew.

The College's instructors determined which activities were sufficient to be considered an academic posting. Examples of acceptable academic postings included turning in required assignments, taking tests, and participating in various online discussion groups. Some instructors informed us that they were able to import records, such as emails, text messages, and phone conversations, into Blackboard when determining weekly attendance. Each instructor entered a code into Carina indicating whether the student attended during the week. However, the attendance determination code simply indicated whether the student attended at any time during the week. The code neither indicated the actual dates of any academic postings that were made nor identified which academic activities were performed by the student for the week that the student was determined to be attending.

Summary of Ineligible Disbursements

The College disbursed or retained \$9,790 in excess Title IV, HEA program funds for the 11 (of 100) students in our sample.¹²

- Eight students were not eligible for all the funds that they received because they did not begin attendance in courses with the required number of credits to qualify for the Title IV, HEA program funds that were disbursed. Five students received \$4,617, but the College did not maintain supporting data showing the students began attending their classes.¹³ Three other students received \$2,434, but the College's sole support for the students' starting classes were biography postings that did not contain evidence of academic engagement.¹⁴ To illustrate, a student enrolled for two 4-credit classes would be considered attending half-time and eligible for a half-time Pell Grant award and FFEL funds. However, if the College's attendance records show that the student began

¹¹ All C.F.R. references for Finding No. 2 are to the July 1, 2007, edition.

¹² \$5,516 Subsidized FFEL, \$1,532 Unsubsidized FFEL and \$2,742 Pell Grant funds.

¹³ \$2,630 Subsidized FFEL, \$290 Unsubsidized FFEL and \$1,697 in Pell Grant funds.

¹⁴ \$1,389 Subsidized FFEL funds and \$1,045 in Pell Grant funds.

attending only one of the two classes, the student's status changes to less than half-time, and the student would be eligible only for a less than half-time Pell Grant and would not be eligible for any FFEL funds.

- One student had an unsupported last date of attendance that had a direct effect on the return of Title IV aid calculation. The College could not support the Carina attendance determinations made for both the fourth and fifth weeks of attendance for one course for a student who withdrew from all classes during the winter 2008 quarter. Although the College is not required to take attendance, it elected to use Carina data to determine the last date of academic activity. The College did not prepare a return of Title IV aid calculation for the student because Carina showed that the student had completed more than 60 percent of the quarter by attending 5 of the 6 weeks of scheduled instruction for that quarter. Therefore, the College determined that the student had earned 100 percent of tuition. However, the College could support only the first 3 weeks of attendance determinations. The College should have performed a return of Title IV aid calculation and returned \$932.¹⁵
- For two students, there was insufficient evidence to show that they passed the 60 percent completion point, which the College needed to maintain to justify its retention of 100 percent of tuition and fees. The last date of attendance shown in Carina for these two students was the last day of the weekly attendance period for the fourth week of the quarter. However, the last date of academic activity could have been as many as 6 days before the last day of the weekly attendance period. We prepared return of Title IV aid calculations for the two students using the midpoint of the payment period. We determined that the College should have returned \$1,807 in FFEL funds for the two students.¹⁶

The results of our tests of the accuracy of the College's Carina records indicated that the College should conduct a 100 percent file review. In total, we identified errors for 22 of the 100 students in our sample. Of those 22, 11 students had errors that had a financial effect on the amount of funds the College was allowed to retain.

Recommendations

We recommend that the COO for FSA require the College to—

- 2.1 Return, for the students in our sample, \$7,048 of Title IV, HEA program funds to the appropriate FFEL lenders and \$2,742 of Pell Grant program funds to the Department.
- 2.2 Review its records for the 2,238 distance education students¹⁷ who received Title IV, HEA program funds for award year 2007-2008 and did not receive a grade higher than an "F" for at least one course attended for the quarter and

¹⁵ We used the midpoint of the payment period to determine the amount the College should have returned to the Title IV, HEA programs.

¹⁶ \$1,497 Subsidized FFEL funds and \$310 Unsubsidized FFEL funds.

¹⁷ The 2,338 distance education students in the universe that we used less the 100 students whose records we reviewed as part of our audit.

- a. identify students with unsupported periods of attendance;
- b. determine the amount of Title IV, HEA program funds disbursed to students who were not entitled to receive the funds because of insufficient attendance documentation;
- c. identify the amount of Title IV, HEA program funds disbursed to students who were not entitled to receive the funds because of reduced student eligibility; and
- d. return those amounts to the Department and lenders, as appropriate.

2.3 Develop, implement, and disseminate written policies and procedures that

- a. clearly describe acceptable criteria for determining whether distance education students' began attendance for all classes for which they were awarded Title IV, HEA program funds; and
- b. provide reasonable assurance that determinations of attendance for enrollment status purposes are adequately documented.

2.4 Provide all staff with additional training on the procedures for determining and documenting a student's attendance so that the practice is consistent.

College Comments

The College disagreed with the finding and recommendations. The College stated that the liabilities for this finding are based upon erroneous assertions, assumptions, and findings from Finding No. 1. The College provided a written response for each of the 22 students comprising the 23 identified exceptions.¹⁸ The comments described in this section are summaries of the individual comments on the 22 students.

- Each of the 22 students completed seminars or self-paced orientations to qualify for the online courses. Completion of these activities demonstrates the students intended to complete the courses.
- Five of the 22 students accessed and had "hits" in various sections of the College's system. Because Carina is considered the College's official attendance record, the College stated that one can assume that the student was marked in attendance because the instructor was in contact with the student. Blackboard is only one source of attendance data.
- One student's instructor accidentally deleted discussion boards.
- For two other students, the College claimed there were Blackboard postings supporting the weeks of attendance in question.

The College asserted that submission of a biography was typically the first assignment in any online course, and the College considered biography postings as assignments that demonstrate course attendance. However, the College revised its policy on biography postings subsequent to the OIG's audit. Biography postings no longer are used to determine attendance unless the biographies are assignments to be completed as documented in the course syllabus.

The College took exception with the projected error rate, claiming that only 8 of the 100 sampled students experienced a financial aid impact due to the perceived error in attendance recording.

¹⁸ There were 22 students with 23 exceptions. One student was included in both groups.

Therefore, the OIG should report an 8 percent error rate, not a 22 percent error rate. The College also believed that the 22 percent rate was overstated because OIG stated in the draft report that it did not attempt to identify all Blackboard support for all weeks for all students in the sample. Therefore, the College did not believe that a 100 percent review was warranted, necessary, or feasible.

Finally, the College stated that the majority of issues that the OIG is reporting were resolved through the College's file review conducted in response to the Department's 2008 program review finding on the issue of unofficial withdrawals.

OIG Response

The College did not provide any evidence to alter our findings for the 22 students in our sample or support its contention that our error rate was overstated. Completion of an online orientation or seminar does not demonstrate that the student actually attended a subsequent academic course of instruction. For the five students that it claims accessed its system, the College did not provide any evidence of the "hits" or demonstrate that the hits constituted academic activity.

Regarding the student biographies for 5 of the 22 students that were general and introductory in nature and did not contain any course specific content, we found no evidence to show that the biographies were graded or otherwise evaluated by the instructor. Therefore, we did not consider the biographies to be representative of an academic assignment.

The College was unable to view actual discussion board posts for the one student for whom the instructor deleted the discussion board information in Blackboard, but the College did not provide any alternative information to support the student's attendance. Regarding the two students for whom the College claims had Blackboard postings that supported the students attendance, the information the College provided did not support the weeks of attendance in question.

The error rate that we are reporting is valid. The College relied on the following statement in our draft report to support its assertion that the rate of error in its attendance records may have been lower than 22 percent:

Due to the volume of Blackboard information, we did not attempt to identify all Blackboard support for all weeks for all distance education classes taken by the 100 students in our sample, and we did not attempt to determine the students' actual last dates of attendance.

However, this statement does not indicate that we did not examine all evidence in Blackboard that we needed to reach our conclusions. During our audit, if we found sufficient evidence of attendance during a given week, we stopped our review of attendance for that particular week and did not attempt to identify all evidence of attendance for that week. If, however, we concluded there was no evidence of attendance during a given week, we based that conclusion on an examination of all possible areas of Blackboard where we expected to find evidence of attendance. Therefore, we have not changed our conclusion that 22 of the 100 students in our sample had unsupported periods of attendance.

We disagree with the College's suggestion that an error rate should be reported only for instances with a financial impact. Reporting an error for the accuracy of the attendance recorded in Carina provides perspective on the reliability of Carina's data for Title IV determinations. We have, however, clarified our discussion of the exceptions for the 22 students to indicate an 11 percent error for cases where the disbursement or retention of Title IV, HEA program funds could not be supported by the College's attendance records.

We also disagree with the College's assertion that the majority of issues we are reporting were resolved through the College's file review conducted in response to the Department's 2008 program review finding on the issue of unofficial withdrawals. We further disagree with the College that additional file review work is not needed. As noted above, the College was unable to support Carina attendance determinations for 22 percent of the students in our sample.

OTHER MATTERS

The College Did Not Identify All Students Who Unofficially Withdrew

The College did not identify all distance education students who received Title IV, HEA program funds and unofficially withdrew from the institution. We identified 1 of 20 judgmentally selected award year 2006-2007 Title IV, HEA program recipients who, according to Carina attendance records, attended only one week of class during each of the two 6-week sessions for that quarter but had not been identified as withdrawn. College officials informed us that the student was still considered enrolled because one of the student's instructors failed to report that the student had stopped attending. The College did not prepare a return of Title IV aid calculation for the student, who received \$1,350 in Pell and \$1,096¹⁹ in FFEL funds for the summer 2007 quarter.

This issue was outside the scope of our audit because our objective was to review dates of when a student began and ceased attendance at the College. Therefore, we did not pursue the matter. However, FSA determined that returns of Title IV, HEA program funds were not always made for unofficial withdrawals during a June 23-27, 2008, program review at the College.

¹⁹ This student was identified and included in an FSA review that included the amount of Title IV, HEA program funds to be returned.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the College correctly identified when distance education students began and ceased attendance when it (1) determined students' eligibility for Federal student aid disbursements and (2) performed return of Title IV aid calculations. Our original audit period was award year 2006-2007. However, the College did not retain source data used for determining the weekly attendance recorded in its electronic system of records (Carina) for any of the quarters during that award year. Therefore, we expanded our audit to include testing the supporting documentation for the fall 2007 and winter 2008 quarters' attendance records to determine the reliability of the College's system for maintaining electronic attendance records.

To achieve our objective, we performed the following procedures.

1. Reviewed selected provisions of the HEA, regulations, and FSA guidance applicable to our audit objective.
2. Identified, from Department records, the amount of Title IV, HEA program funds that the College received on behalf of all students during award years 2006-2007 and 2007-2008. In addition, the President of Baker College Online and the College's Vice President for Student Services informed us of the amounts of Title IV, HEA program funding that the College's distance education students received during award years 2006-2007 and 2007-2008.
3. Reviewed the College's Web site, 2006-2007 and 2007-2008 Graduate/Undergraduate catalogs, and organizational charts to gain an understanding of the College's history and organization.
4. Reviewed *Baker College and Subsidiaries Consolidated Financial Report with Additional Information August 31, 2004, 2005, and 2006*; and *Baker College and Subsidiaries Federal Awards Supplemental Information August 31, 2004, 2005, 2006, and 2007*, prepared by Plante & Moran, PLLC.
5. Reviewed written policies and procedures and interviewed College officials to gain an understanding of the College's internal control structure, policies, procedures, and practices applicable to its determination of students' beginning and ending dates of attendance and the College's preparation of return of Title IV aid calculations for distance education students.
6. Reviewed attendance, grade, student account, and return of Title IV aid calculation information for 20 judgmentally selected students who (a) received Title IV, HEA program funds for award year 2006-2007, (b) attended at least one distance education course for a quarter, and (c) had possibly withdrawn within the quarter (W or F grade), as identified in Carina, to determine whether the College correctly identified the week during which the students began and ceased attendance. We selected students from each of the four quarters within award year 2006-2007 who attended five of the College's campuses and whose records indicated they only attended for a short period.
7. Reviewed the attendance, grade, student account, and return of Title IV aid calculation information for 100 randomly selected students who (a) attended at least one distance education course during the fall 2007 or winter 2008 quarters, or both; (b) received Title IV, HEA program funds for the fall 2007 or winter 2008 quarter, or both; and (c) did

not have a grade higher than an “F” for at least one course for either quarter, or both (we did not consider a grade of “W” to be higher than a grade of “F”).²⁰ Distance education students with incomplete distance education classes in both the fall 2007 and winter 2008 quarters would have been included twice and had an increased chance for selection. The President of Baker College Online informed us that the College disbursed about \$9.5 million to students attending at least one distance education class during the fall 2007 quarter and about \$9.2 million to students attending at least one distance education class during the winter 2008 quarter.

8. Reviewed FSA’s program review report dated July 23, 2008; the College’s February 2, 2009, response to the program review report; and FSA’s April 8, 2009, Final Program Review Determination Letter regarding the College’s failure to return Title IV, HEA program funds for all students who unofficially withdraw.

We relied on computer-processed student ledger and transcript data from Carina to identify our universes of distance education students who received Title IV, HEA program funds. To assess the accuracy and completeness of the universes, we reviewed the queries the College used to extract the data from Carina. To corroborate Carina financial information, we compared Title IV, HEA program funding information recorded in Carina to information from the Department’s National Student Loan Data System and Common Origination and Disbursement system for 22 (of the 100) students randomly selected from the universe of students who attended at least one distance education course during the fall 2007 and winter 2008 quarters and did not have a grade higher than “F” for at least one course for either quarter. In addition, we applied logic tests to the Carina data provided by the College for our sample of 20 students from award year 2006-2007. The logic tests included tests for (1) missing data, (2) the relationship of one data element to another, (3) values outside of a designated range, and (4) dates outside a valid range or in an illogical progression. Based on these tests, we concluded that the Title IV, HEA program funding information recorded in Carina was sufficiently reliable to use as the source for our universes.

We also assessed the accuracy of Carina attendance records by comparing recorded attendance to evidence of academic activity contained in Blackboard. However, our comparison of the Carina attendance records identified a significant percentage of online attendance recorded in Carina that was not supported by Blackboard data. As a result, we concluded that the Carina attendance data were not sufficiently reliable to determine when online students began and ceased attendance (see Finding Nos. 1 and 2).

We conducted our audit from May 2008 through May 2009 at the College’s office in Flint, Michigan, and at our offices. We discussed the results of our audit with College officials on June 22, 2009, and received the College’s written comments on a draft of this report on November 6, 2009.

We conducted this performance audit in accordance with generally accepted government auditing standards appropriate to the scope of the review described above. 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 the

²⁰ We selected the sample from a universe of 2,338 students who received approximately \$6 million in Title IV, HEA program funds.

evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken, including the recovery of funds, will be made by the appropriate Department of Education officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this audit:

William J. Taggart
Chief Operating Officer
Federal Student Aid
U.S. Department of Education
Union Center Plaza, Room 112G1
830 First Street, N.E.
Washington, DC 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 your 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,

Lisa F. Robinson /s/
for
Gary D. Whitman
Regional Inspector General for Audit

Attachments

Attachment 1

Acronyms/Abbreviations Used in Report

ACG	Academic Competitiveness Grant
C.F.R.	Code of Federal Regulations
College	Baker College
COO	Chief Operating Officer
Department	U.S. Department of Education
FFEL	Federal Family Education Loan
FSA	Federal Student Aid
FSEOG	Federal Supplemental Educational Opportunity Grant
FWS	Federal Work-Study
Pell	Federal Pell Grant
SMART	National Science and Mathematics Access to Retain Talent
Title IV, HEA	Title IV of the Higher Education Act of 1965, as amended

Attachment 2

Attachment 2: College Comments on the Draft Report

(All personally identifiable information mentioned in the College's comments was replaced with bracketed text.)

November 6, 2009

Gary D. Whitman
Regional Inspector General for Audit
US Department of Education
Office of Inspector General
Citigroup Center
500 West Madison Street, Suite 1414
Chicago, IL
Re: ED- OIG/A05 10012

Dear Mr. Whitman,

Baker College (the College) vigorously disputes both Findings No. 1 and No. 2 in the draft report which is referenced as ED- OIG/A05 10012 and was forwarded to the College by the U.S. Department of Education, Officer of Inspector General (Ed-OIG). The College disputes the following assertions, assumptions and findings relative to both Finding No. 1 and Finding No. 2 for the following reasons:

1. The College feels that Ed-OIG misinterpreted 34CFR668.22(c)(3) by using subjective criteria which was inconsistent with the spirit and intent of the regulation. Additionally, the Ed-OIG interpretation does not take into account the typical behaviors of the adult learner who is juggling college along with a full-time job.
2. The Ed-OIG is using significantly different standards for online classes versus traditional on ground classes. For many college classes the only documentation of academic activity would be recorded attendance just based upon the very nature of the class.
3. Based upon our research of current practices, the Ed-OIG is holding the College to a different/higher standard of documentation for attendance than it does major national providers of online education.
4. The Ed-OIG has used subjective and arbitrary opinions as opposed to industry standards or published regulatory practices to establish erroneous findings.
5. The Ed-OIG contends that the College did not provide communication to faculty regarding attendance policies and procedures. This is completely incorrect.
6. The draft report and findings repeatedly confuse Baker College policy relative to determining the last date of attendance for official and unofficial withdrawals. The Ed-OIG contends that the College uses the last day of the week to determine Return to Title IV Calculations for all online withdrawals. The College documents and uses the actual last date of attendance for Return to Title IV Calculations with the exception of unofficial withdrawals for the zero GPA students that are done after quarter end.
7. The College disagrees with the assertion that the College is in violation of 34CFR668.24(e)(2)(i) as the College maintains student records indefinitely.

Finding No. 1 – The College Did Not Maintain Records That Were Adequate to Document the Eligibility of Its Students

Record Requirements

The College does not agree with the tone and wording of Finding No. 1. The College records and maintains a comprehensive and accurate program and fiscal records for all delivery methods. The College requires instructors to record attendance regardless of whether the student is in a traditional classroom setting or taking classes online. Policies for the online delivery of courses and programs were developed to ensure that they were as close in alignment to face-to-face course policies as possible. In fact, online courses require students to do more than simply walk into the classroom as in the face-to-face classroom format. Students must interact with the instructor through discussion boards, e-mail messages, phone calls, assignment submission, or other like activities, to demonstrate attendance in online courses. Active participation is an element in grading criteria. This is not true of face-to-face delivery at most educational institutions.

The College employs a thorough record of all student academic and fiscal activity in all course delivery formats. The instructor-recorded attendance on the Carina system has been the primary method of documentation for all courses delivered at Baker College. Student accounts receivable transactions, including all adjustments to Title IV are also maintained indefinitely. Attendance and accounts receivable data are maintained on Carina well past the three years required by the Department for Title IV records.

The College recognizes that a discrepancy exists between Carina attendance and Blackboard data. However, the Department has furnished no formal guidance regarding online delivery of post-secondary education. Given the various activities and technologies used to establish attendance, Carina attendance records and Blackboard activity will not be in perfect alignment. However, as of Fall 2008 quarter, the College is able to provide a stronger, but not yet perfect, correlation between Blackboard and Carina. If necessary, other systems of attendance documentation will be developed in lieu of the Carina and Blackboard methodology currently in use.

The overwhelming majority of any attendance issues are now discovered with strengthened compliance to DCL-GEN-04-03, February 2004, which was achieved in the Summer 2008 quarter. Information regarding changes to the attendance procedures was clearly communicated via email to all online faculty and staff. Documentation of the communications was provided to the OIG as part of their review.

Inadequate Control over Determining Distance Education Students' Attendance

Baker College feels that the Ed-OIG has subjectively interpreted 34CFR668.22(c)(3), which states the following: *An “academically-related activity” includes, but is not limited to, an exam, a tutorial, computer-assisted instruction, academic counseling, academic advisement, turning in a class assignment or attending a study group that is assigned by the institution* (<http://www.studentclearinghouse.org/audit/pdfs/34cfr668.22.pdf>, accessed 10/19/09, p. 424). Based on the above definition in relation to academic counseling, Baker College believes that email conversations between student and faculty discussing the inability to complete assigned work and missed deadlines constitutes attendance (See Draft Report, p. 6, ¶3).

The interaction between student and instructor evidences the student's intention to remain enrolled.

Contrary to the findings in the Draft Report (p. 7, ¶3), Baker College provided the OIG with copies of the online student and faculty handbook and course syllabi that document the attendance policies and procedures. The College defines online attendance as the following, as documented in our student and faculty handbooks:

Attendance is reported on a weekly basis. Attendance is defined as submission of any assignment or discussion board posting. The details of this attendance policy are as follows:

- 1. A student not attending within the first five days of week one will be dropped from the course. Please note that the College refunds 100% of tuition for an online class if the student withdraws within the first seven days. The College is not attempting to enhance revenue from students either unable or unwilling to successfully navigate the challenges of online education.*
- 2. A student not attending within the first five days of any week will be marked absent for the entire week.*
- 3. In the case of excessive absences, the instructor may request that the student be administratively withdrawn from the course.*

Baker College has determined that the above definition is the most commonly used in the industry based on information gathered from a sample of 27 online college and university websites.

Consequently, the College considers the following to be evidence of academic activity:

1. Email and phone exchanges between students and instructors.
2. Biographical postings (please note that we have changed this policy subsequent to the Ed-OIG visit even though we do not necessarily concur with the rationale).
3. Assignment submission via email or Blackboard.
4. Discussion Board postings to Blackboard.
5. Group/Team Participation via Blackboard, phone, or other technologies.

As you are most certainly aware, technology fails at times. Consequently, students may often have to adapt for interim periods.

Baker College Online requires all online students to complete an online orientation and training before registering for their first online course. The orientation gives the students an opportunity to use and practice with the course management system. The orientation also allows the student to determine if online learning is a good match to their learning style, at little or no cost.

On ground students wishing to enroll in an online course, in addition to their face-to-face courses, complete a self-paced online orientation. This orientation includes technical training, practice using the online course management system, information regarding policies and procedures of online courses, attendance and participation requirements, and strategies to be a successful student in the online environment. This course takes approximately 10 hours to complete. There is no charge for this orientation.

Students enrolled in 100% online programs must complete a three-week, online, teacher-led seminar before completing their first online course. This seminar covers everything in the self-paced orientation. In addition, the seminar includes information regarding student services, online student handbook, study skills, library resources, advising, career services, and additional practice using the online course management system. There is a minimal course fee (\$60) for this seminar.

Baker Online faculty are required to complete an 18-week training program before teaching their first online course. This training covers all Baker College policies and procedures, Baker College orientation, technical orientation to Blackboard, definitions of attendance and participation, online teaching strategies, and online assessment methods. In addition, new instructors are paired with a mentor for additional training. As part of this training, instructors learn about attendance procedures.

Recent Actions Taken to Address Adequacy of Attendance Records

The College recognizes that the recording of attendance by instructors can result in human error. The College has refocused its efforts to eliminate any reporting errors. Given the various activities used to define online attendance, the College does not consider it feasible that Blackboard activity and recorded attendance will always be completely in sync. Additionally, there is no published guidance from the Department of Education that establishes set criteria for the documentation of online delivery of post-secondary education. For this reason, Baker College decided to improve our attendance procedures by automating attendance (as documented in Draft Report, p. 7, ¶3). The automated procedure uses discussion board postings, assignment submissions, tests, and quizzes to determine student attendance during each seminar week. Biography postings are no longer used to determine attendance unless they are assignments to be completed as documented by the course syllabus. Even though attendance is now automated based on Blackboard data, instructors may submit a request to change attendance if the student was in contact with the instructor via email, phone, or other methods. Information regarding changes to the attendance procedures was clearly communicated via email to all online faculty and staff. Documentation of the communications was provided to the OIG as part of their review.

Finding No. 2 – The College Incorrectly Identified When Distance Education Students Began and Ceased Attendance

In disputing Findings Nos. 1 and 2, the College will respond to the specific liabilities cited in Finding No. 2 as all the liabilities set forth in Finding No. 2 are based upon what the College sincerely believes are erroneous assertions, assumptions and findings from Finding No. 1. Also, based upon the documentation provided to the College by Ed-OIG, it is difficult to determine the actual dollar exception referenced in the report.

Following are the College's responses to the data provided for each contested file:

No	*UIN	OIG Finding	Impact of OIG findings on Title IV OIG Adj. / Total aid	Per Baker In compliance with 34CFR668.22(c)(3)	Issue	Registered Subsequent Quarter
1		No Blackboard support for attendance during the course	(\$359) / \$718	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Student accessed the system on the first day of class with several “hits” to the discussion board and communications area. Instructor may have been contacted via the communications area counting for first week’s attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated withdrawal at the Muskegon campus. Student indicated last date of attendance as 2/14/08, which coincides with Carina documented attendance records.</p>	Yes – Registered through Fall 2008
2		No Blackboard support for attendance during the course	None / \$5,421	Yes	<p>Completed three-week seminar to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Student may have contacted instructor via email qualifying for first week’s attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated withdrawal at the Online campus. The last date of attendance used is 9/23/07 which coincides with Carina documented attendance records.</p>	Yes and currently registered for Fall 2009
3		No Blackboard support for attendance during the course. This account was adjusted on 6/19 in concurrence with the audit finding.	(\$359) / \$4,579	No	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Student accessed announcement section of the online course. Instructor may have been contacted via this area counting for first week’s attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can</p>	Yes – Registered through Spring 2008

					<p>assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated a withdrawal at the Owosso campus for only one of two online courses. This indicates that she intended to complete this course, but failed to do so.</p>	
4		No Blackboard support for attendance during the course	None / \$718	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for seminar two and three attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student was withdrawn at the Owosso campus with no charge for tuition, even though attendance is documented, because she did not attend the first week of the course (special circumstances). Student remained enrolled, was withdrawn with an LDA of 11/19/2007 per the student's request. The student's tuition was reduced at 100% due to her special circumstances not for lack of enrollment and attendance.</p>	Yes – Registered through Spring 2009
5		No Blackboard support for attendance during the course	(\$2,920) / \$2,920	Yes	<p>Completed three-week Graduate Seminar to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Student accessed the system on several days during the first week of class with several "hits" to the discussion board and communications area. However, the instructor accidentally deleted discussion boards in the Blackboard course for which she was enrolled. We are unable to view actual discussion board posts.</p> <p>Student initiated withdrawal at the Graduate School. According to Bb records before deletion, her last date of attendance was 1/13/08.</p>	Yes – Registered through Spring 2008
6		No Blackboard support for attendance during the course	(\$719) / \$3,634	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Student accessed the system on the first day of class with several "hits" to the</p>	Yes – Graduated with Bachelor degree in Spring 2008

					<p>discussion board and communications area. In addition, the instructor may have been contacted via the communications area counting for first week's attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated withdrawal at the Flint Campus and indicated that her last date of attendance was 2/14/08 which coincides with Carina documented attendance.</p>	
7		No Blackboard support for attendance during the course	None / \$2,693	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>The student completed and posted a biography introducing herself to the course. The Student also accessed the system on the first day of class with several "hits" to the discussion board and communications area. Instructor may have been contacted via the communications area counting for first week's attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated withdrawal at the Owosso campus. Last date of attendance was not documented because the withdrawal was processed during the first week of the course with a 100% tuition refund.</p>	Yes – currently registered for Fall 2009
8		No Blackboard support for attendance during the course	(\$260) / \$2,354	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for first week's attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated withdrawal at the Auburn Hills Campus. The student indicated her last date of attendance as</p>	Yes – Graduated Summer 2009

					11/03/07, which coincides with Carina documented attendance.	
9		No Blackboard support for attendance during the course	None / \$1,834	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for first week's attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student.</p> <p>Student initiated withdrawal at the Online Campus. The documented last date of attendance was 11/06/07, which coincides with Carina documented attendance.</p>	Yes – Graduated Winter 2009
10		No Blackboard support for attendance during the last few weeks of class	None / \$4,013	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for attendance during seminar four. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are often in contact with students, especially when the student is struggling with the course material or falls behind in the course.</p> <p>Student did not withdraw from this course. The student successfully completed at least one class so an LDA would not be needed to determine any adjustment to Title IV funds. Therefore, this finding is inaccurate.</p>	No – Winter 2008 was last quarter of attendance
11		No Blackboard support for attendance during the last few weeks of class	None / \$4,528	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for attendance during seminar three. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are often in contact with students, especially</p>	Yes – Currently registered for Fall 2009

					<p>when the student is struggling with the course material or falls behind in the course.</p> <p>Student did not withdraw from this course. The student successfully completed at least one class so an LDA would not be needed to determine any adjustment to Title IV funds. Therefore, this finding is inaccurate</p>	
12		No Blackboard support for attendance during the last few weeks of class	None / \$3,887	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for attendance during seminars two and three. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are often in contact with students, especially when the student is struggling with the course material or falls behind in the course.</p> <p>Student did not withdraw from this course. This file was reviewed as part of Title IV audit for unofficial withdrawals and accepted as being in compliance by the Department of Ed's audit staff.</p>	Yes – Registered through Spring 2008
13		No Blackboard support for attendance during the last few weeks of class	None / \$3,750	Yes	<p>Completed three-week seminar to qualify for online courses. Given this, the student intended to complete the course.</p> <p>The finding cited by the auditors is incorrect. There were postings, as indicated by course statistics, in the course by the student that indicates the student attended the course until 3/04/08.</p> <p>Student initiated withdrawal at the Online Campus. The documented last date of attendance was 3/04/08, which coincides with Carina documented attendance. The student successfully completed at least one class so an LDA would not be needed to determine any adjustment to Title IV funds.</p>	Yes – Registered through Fall 2008
14		No Blackboard support for attendance during the last few weeks of class	None / \$3,625	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>According to Blackboard information, this student demonstrated attendance during seminars one, two, and three.</p>	Yes – Registered through Spring 2008

					<p>Instructor may have been contacted counting for seminar four and five attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are often in contact with students, especially when the student is struggling with the course material or falls behind in the course.</p> <p>The student did not withdraw from this course. This file was reviewed as part of Title IV audit for unofficial withdrawals and accepted as being in compliance by the Department of Ed's audit staff.</p>	
15		No Blackboard support for attendance during the last few weeks of class	None / \$1,494	Yes	<p>Completed three-week seminar to qualify for online courses. Given this, the student intended to complete the course.</p> <p>This course requires the student to log into another system for writing labs. Attendance may have been documented in this system for seminar five. In addition, the instructor may have been contacted counting for seminar five's attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are often in contact with students, especially when the student is struggling with the course material or falls behind in the course.</p> <p>The student did not withdraw from this course. This file was reviewed as part of Title IV audit for unofficial withdrawals and accepted as being in compliance by the Department of Ed's audit staff</p>	No
16		No Blackboard support for attendance during the last few weeks of class	None / \$718	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for seminar three's attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are</p>	Yes – Registered through Spring 2009

					<p>often in contact with students, especially when the student is struggling with the course material or falls behind in the course.</p> <p>Student did not withdraw from this course and stopped attending after seminar three. The student successfully completed at least one class so an LDA would not be needed to determine any adjustment to Title IV funds.</p>	
17		No Blackboard support for attendance during the last few weeks of class	None / \$2,811	Yes	<p>Completed three-week seminar to qualify for online courses. Given this, the student intended to complete the course.</p> <p>The finding cited by the auditors is incorrect. The student submitted a posting during seminar four. There were other postings in the course by the student that indicates the student attended the course until 12/05/07. The postings were sent via email to the OIG on 8/20/2008.</p> <p>Student initiated withdrawal at the Online Campus. The documented last date of attendance was 12/05/07.</p>	No
18		No Blackboard support for attendance during the last few weeks of class – Liability paid as part of the Department of Ed’s audit of unofficial withdrawals.	None / \$1,407	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Instructor may have been contacted counting for seminar three and four attendance. Given that Blackboard is only one source of attendance data and Carina is considered our official attendance record, we can assume the student was marked in attendance because the instructor was in contact with the student. Instructors are often in contact with students, especially when the student is struggling with the course material or falls behind in the course.</p> <p>Student did not withdraw from this course and stopped attending after seminar four.</p>	Yes – Registered through Fall 2008
19		Biography posting only support for attendance and is not an academic activity	(\$719) / \$5,780	Yes	<p>Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course.</p> <p>Submission of a biography is typically the first assignment in any online course, as demonstrated in the self-paced orientation. Baker College considers biography postings as assignments that demonstrate course attendance.</p>	Yes, Currently registered for Fall 2009

20		Biography posting only support for attendance and is not an academic activity	None / \$3,280	Yes	Completed three-week seminar to qualify for online courses. Given this, the student intended to complete the course. Submission of a biography is typically the first assignment in any online course, as demonstrated in the self-paced orientation. Baker College considers biography postings as assignments that demonstrate course attendance.	Yes, Currently registered for Fall 2009
21		Biography posting only support for attendance and is not an academic activity	(\$1,388) / \$1,388	Yes	Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course. Submission of a biography is typically the first assignment in any online course, as demonstrated in the self-paced orientation. Baker College considers biography postings as assignments that demonstrate course attendance.	No
22		Biography posting only support for attendance and is not an academic activity	None / \$28	Yes	Completed self-paced orientation to qualify for online courses. Given this, the student intended to complete the course. Submission of a biography is typically the first assignment in any online course, as demonstrated in the self-paced orientation. Baker College considers biography postings as assignments that demonstrate course attendance.	No
23		Biography posting only support for attendance and is not an academic activity	(\$326) / \$3,154	Yes	Completed three-week seminar to qualify for online courses. Given this, the student intended to complete the course. Submission of a biography is typically the first assignment in any online course, as demonstrated in the self-paced orientation. Baker College considers biography postings as assignments that demonstrate course attendance.	Yes – Registered through Spring 2008
			(\$7,050) / \$64,735			

*[Student Identifiers Deleted]

The College does acknowledge that it could have had a better administrative system for recording and documenting attendance for online classes. Based upon the Ed-OIG recommendations, the College has made significant enhancements to its administrative system. As mentioned previously and contrary to information contained in the Draft Report, of Ed-OIG all changes to the attendance procedures have and had been clearly communicated to faculty and staff.

The College also disputes the following sections of the OIG report:

Error rate – The College takes issue with the Ed-OIG’s projected error rate. Even if assuming that the findings are correct, there were only 8 students out of the 100 sampled that had a financial aid impact due to the perceived error in attendance. That does not calculate out to a 22% error rate either in student files or absolute dollars as noted. In addition, the OIG did not test all courses in the sample.

Due to the volume of Blackboard information, we did not attempt to identify all Blackboard support for all weeks for all distance education classes taken by the 100 students in our sample, and we did not attempt to determine the students’ actual last dates of attendance (Draft Report, p. 8, ¶3).

The College believes that our error rate is much lower than 22% as indicated in the Report (p. 11, ¶2).

Page 3, Paragraph 1 – Audit Results

The College did correctly identify student’s eligibility for Title IV disbursements and the correct dates for Title IV withdrawals.

To wit:

1. In the case of the official withdrawals, the College Academic Office examined the last posting on the Blackboard System and used that date as the last date of attendance. Admittedly, that date may not correspond to the last date of attendance on Carina. However, the date is earlier than the end of the corresponding week and would provide a greater sum due to the Department of Education or lender as the case may be.
2. On unofficial withdrawals for zero GPA students, the College used the last day of the week as the last date of attendance. We concur that this is not the optimal way to calculate the refund amount. However, that methodology was approved by the Department of Education during the course of the audit that was conducted concurrently with the Ed-OIG examination.

Page 4 – Paragraph 1

The College steadfastly maintains that the Carina data is the official record. The College notes that when a student officially withdrew, the College reviewed the Blackboard posts and used the last post as the last date of attendance. Going forward, the College will maintain the last posting and attach it to the Title IV worksheet.

Page 5 – Last Paragraph

This paragraph mixes up official and unofficial withdrawals. In no case, was the last date of the week used when a student had a posting on Blackboard which was different than the last date of attendance. The Ed- OIG is correct that the College did not maintain the posting.

Page 6 – Paragraph 2

This paragraph contains inaccurate information. Baker College’s Online Attendance Policy is posted in the Faculty Handbook, Student Handbook, Student Online Orientations, Catalog, and in every online course syllabus. As mentioned previously, online students complete an orientation that covers attendance and participation requirements in detail. Online Faculty must complete an 18-week orientation and training, which covers such policies, before teaching in the online environment. Improvements have been made to our attendance procedures since the OIG

visit. Since Fall 2008, attendance is recorded automatically from database information in our course management system and posted to Carina each week. Faculty may submit changes to attendance by submitting a request to the Academic Office. Faculty were notified of the changes during implementation of the automated attendance system.

Page 7 – Paragraph 3

The only time the College uses the last day of the week as the last date of attendance was in the case of an unofficial withdrawal. In the case of an official withdrawal, the College looks at Carina postings for the last date of attendance.

Unofficial Withdrawals Policy in General

The College elects to take attendance even though not required to do so. When performing Return to Title IV Calculations on unofficial withdrawals, the College has elected to use the last date of attendance as opposed to the 50% option. The College believes the recorded last date of attendance, in general, provides a greater return of loan dollars and reduces a student's loan debt and repayment amount.

Online Class Last Date of Attendance/Attendance for Unofficial Withdrawals

The College does acknowledge that it could have had a better administrative system for recording and documenting attendance for online classes. Based upon the Ed-OIG recommendations, the College has made significant enhancements to its administrative system. As mentioned previously, and contrary to information contained in the Draft Report, all changes to the attendance procedures have and had been clearly communicated to faculty and staff. The College feels that it was and is in compliance relative to industry standards, published regulations and practices of other post-secondary online providers.

Based upon the Draft Report findings and recommendations, with which we take vigorous exception, we do not feel that a 100% review is warranted, necessary or feasible. To repeat a prior response to the Ed-OIG, the College is of the opinion that the majority of issues were resolved in the completed audit for unofficial withdrawals conducted by the Department of Education. The College is working on a better system of documentation of online attendance which will be completed shortly for unofficial LDAs.

The College feels that our current process for official withdrawals also needs improvement, in addition to actions already taken. However, the College feels Business Office procedures and correspondence with Online faculty and other Academic Office staff is effective in establishing accurate attendance dates and accurate dates for calculating withdrawals.

Sincerely,

/s/

F. James Cummins, President
Baker College