

Appendix J. Expedited Determination Letter (EDL)

{MODEL -- WITH LIABILITIES/FINES}

Certified Mail

Mr. _____, President
 Technical School
 100 Main Street
 Anytown, USA 00000

PRCN: _____
 EXPEDITED DETERMINATION LETTER

Dear Mr. _____:

On January __-__ 19__, Mr. _____ and Ms. _____, Program Officers, conducted a program review of the Title IV Federal Student Financial Assistance Programs administered at Technical School. The focus of the review was to determine the institution's compliance with Title IV program statutes and regulations. The review consisted of, but was not limited to, an examination of the institution's Title IV policies and procedures, student aid and academic files, attendance records, ledgers, and financial reports.

A statistically valid sample of __ student files was identified for review from the 19__-__, 19__-__, and 19__-__ award years. From this sample, the reviewers selected a random sample of __ student files to examine admissions, academic, and financial aid data. In addition, the reviewers examined the institution's records, forms, and procedures and interviewed appropriate personnel. The enclosed Appendix identifies students in the file sample examined by the reviewers.

Although the review was thorough, it was not all-inclusive. The absence of statements in this letter concerning some of the institution's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, the institution must continue to comply with all statutory or regulatory provisions governing the Title IV Programs.

The Addendum to this letter identifies __ programmatic deficiencies. The reviewers discussed these programmatic deficiencies during the exit conference on January __, 19__. At the exit conference, the institution agreed to implement prompt corrective action and provide certification of this corrective action to the regional office within a specified time frame. The certification was to be received in the Regional Office within 15 days, no later than February __, 19__.

The Regional Office has received acceptable certification from the institution for Finding __. Therefore, the Department considers this finding(s) resolved. The Department may request copies in the future of the documents supporting the certification. If the documents do not support the certification, the Department will take appropriate administrative action.

Expedited Determination Letter (continued)

Page 2 - Mr. _____

However, because the Department did not receive certification for Findings __ and __, the Department is assessing liabilities of \$_____ and proposing a fine of \$_____ (payment instructions below). Details on liabilities/fines are included in the Addendum.

The institution must instruct its independent auditor to review and comment in the next nonfederal audit on all findings and corrective actions noted in this Expedited Determination Letter. The absence of such comment may result in administrative action and/or a fine.

Finally, the institution should consider this Expedited Determination Letter a combined Program Review Report and Final Program Review Determination letter which serves to close the program review of January __-__, 19__, pending the institution's payment of the liabilities/fines listed. Details on the liabilities/fines are included in the Addendum.

Payment Instructions

A. Liabilities

1. The total liability to be remitted to Stafford Loan note holders is as follows: (insert amount).

The institution must submit certification to this regional office within 45 days that payment has been made to the current loan note holders. The certification must include the (1) student name and SS#, (2) name, address, and telephone number of the note holder(s), (3) the check number and amount, and (4) the exact amount of loan obligation being repaid, since the actual amount as specified by the note holder may be higher (interest and penalties) or lower (student has made payments) than the assessed liability. If certification of payment is not received at the regional office within 45 days from the date of this letter, the Department will take appropriate administrative action.

2. The total liability to be remitted to the U.S. Department of Education is as follows: (insert amount).

Payment of the (insert amount) liability must be completed by forwarding your check, payable to the U.S. Department of Education, within 45 days of the date of this letter to the following address:

USDA - Administrative Collections
P.O. Box 70792
Chicago, IL 60673

The following identification data is applicable to this payment and must be placed on your check and accompanying document(s):

Expedited Determination Letter (continued)

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Amount: \$ _____
 EIN : _____
 PRCN : _____

If payment is not received within 45 days by our collection agent, the National Finance Center (NFC), interest will accrue in monthly increments, starting with the date of this letter, until the date of receipt at NFC. In addition, the Department may initiate an administrative action. Any questions regarding interest accruals or payment credits should be referred to the Administrative Billings and Collections Section of NFC on 1-800-421-0323.

B. Proposed Fine

The Department is proposing for Finding __ that the institution pay a fine of (insert amount). Since the Department is not proposing this fine formally, it is not subject to the Subpart H appeal process outlined below. If your institution does not pay the proposed fine, we will refer your institution to the Department's Compliance and Enforcement Division (CED). CED may initiate a formal administrative action pursuant to Title 34, Part 668, Subpart G. Formal administrative action may include initiation of a formal fine action. If CED initiates a formal administrative action, CED will inform you of your rights to contest the action.

To pay the proposed fine, send your check, payable to the U.S. Department of Education, within 45 days of the date of this letter, to the following address:

Institutional Monitoring Division
 Student Financial Assistance Programs
 U.S. Department of Education
 P.O. Box 23800
 L'Enfant Plaza Station
 Washington, D.C. 20026

The following identification data is applicable to this payment and must be placed on your check:

Amount : (insert amount)
 EIN : _____
 PRCN : _____

Appeal Procedures

This constitutes the Department's final program review determination with respect to the findings identified in the January __ - __, 19__ program review. If you wish to appeal to the Secretary for a review of any matter in this Expedited Determination Letter (except for proposed fines), you must

Expedited Determination Letter (continued)

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file a written request for an administrative hearing. Your request must be received by the Department no later than 45 days from the date the institution receives this expedited determination letter.

If you wish to appeal, your request for a review must be sent to:

Ms. Lynda M. Folwick, Acting Director
Institutional Monitoring Division
Student Financial Assistance Programs
U. S. Department of Education
P. O. Box 23800
L'Enfant Plaza Station
Washington, D. C. 20026

If you request an administrative hearing in a timely manner, the Department will provide a hearing conducted by a qualified hearing officer. You will be notified concerning the date of the hearing after the Department receives your request.

The procedures followed with respect to your appeal will be those provided in 34 CFR 668, Subpart H except for the provisions that refer to the hearing as a "hearing on the record" conducted by "an Administrative Law Judge." These regulations were superseded by Section 490 of P.L. 102-325.

The regulations require that your request for review must (1) identify the issues and facts in the final determination that you dispute, (2) state your position on the disputed matters with the pertinent facts and reasons supporting your position on (34 CFR 668.113 (c)). The program review control number (PRCN) must also accompany your request for review.

The regulations also require that you submit with your request for review any institutional work papers, records, or other materials that you may later wish to offer in this proceeding to support your position (34 CFR 668.113 (b)). Your continued cooperation throughout the program review process is appreciated. If you have any questions, please contact Mr./Ms. _____ at (____) ____-____.

Sincerely,

_____, Chief
Institutional Review Branch

Enclosure
cc: Chief, Institutional Review Branch, IMD

*Expedited Determination Letter (continued)***{MODEL -- WITH LIABILITIES/FINES}****Addendum**

Expedited Determination Letter
Technical School, Anytown, USA
Program Review, January __-__, 19__

Programmatic Deficiencies**1. Financial Aid Transcript Missing**

Deficiency: The reviewers noted that the institution had no record of a request for student 11's financial aid transcript. Therefore, the Pell Grant disbursements made to this student were improper.

Before a student who previously attended another eligible institution may receive any Title IV HEA program funds, the institution or the student shall request each institution that the student previously attended to provide a financial aid transcript to the institution that the student is or will be attending. Until an institution receives a financial aid transcript from each eligible institution the student previously attended, the institution:

- (1) May withhold payment or make one disbursement of Pell Grant, campus based, or ICL funds to the students;
- (2) May decline to certify the student's Stafford Loan or SLS application;
- (3) Shall not disburse Stafford or SLS proceeds to a student;
- (4) Shall not certify an application for a PLUS Program loan sought on behalf of the student.

In the absence of a financial aid transcript, there is a risk that the institution may violate legal restrictions on a student's federal student aid by improperly awarding funds to students who received previous Title IV assistance at another postsecondary institution. This may result in other needy students being deprived of assistance and could cause financial harm to the taxpayer.

Reference: 34 CFR 668.19

Corrective Action: At the exit conference, institutional officials agreed to attempt to obtain the required financial aid transcript(s) for student 11 and to provide certification of the transcript's receipt to the regional office within 15 days; further, to certify that the student was not in default on a federal student loan nor owed a repayment on a federal grant. In the absence of such certification, a liability for all Title IV funds disbursed to the student would be assessed.

In addition, the institution had no procedures for coordinating admissions and financial aid application data in order to

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determine the need for a financial aid transcript. The institution agreed to certify to the Department its development and implementation of procedures for internal coordination on previous postsecondary attendance.

Determination: The institution forwarded acceptable certification to the regional office regarding its receipt of student 11's transcript, including the absence of default or grant repayment obligations. Therefore, no liability is assessed.

However, the institution failed to provide certification that appropriate internal procedures on financial aid transcripts were developed and implemented. As a result, the institution has failed to demonstrate it has an internal process for determining the need for financial aid transcripts.

Therefore, the Department is proposing a **fine of \$1,000**. Payment instructions are included in the accompanying letter.

2. Verification - Parents' Tax Return Not Signed.

Deficiency: The reviewers noted that the parents' 1040 tax forms in the files of students 1 and 14 were not signed by either of their parents. Title IV regulations require institutions to obtain signed copies of tax returns to document income for verification purposes.

An institution's failure to complete verification procedures may result in awards to non-needy students and may cause financial harm to taxpayers.

Reference: 34 CFR 668.56(a)(1)(2) and 668.57(4)(i).

Corrective action: At the exit conference, institutional officials agreed to complete the verification process, the institution agreed to attempt to obtain from students 1 and 4 copies of signed parents' tax returns. The institution agreed to send certification of receipt of these documents to the regional office within 15 days. In the absence of certification, liabilities would be assessed.

Determination: Because certification was not received by the regional office, **liabilities of \$7,425** are assessed:

| | |
|----------------------|----------------|
| Student 1 Pell Grant | \$2,400 |
| Student 4 Pell Grant | \$2,400 |
| " " Stafford Loan | <u>\$2,625</u> |
| | \$7,425 |

In addition, this is a **repeat finding**. A similar verification finding was noted in the institution's nonfederal audit for the previous year (19__-__), and the institution indicated that corrective action was to be implemented. Therefore, the Department is proposing a **fine of \$1,000**. Payment instructions are included in the accompanying letter.

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3. Satisfactory Academic Progress Standards Not Monitored

Deficiency: The institution did not consistently apply its satisfactory academic progress (SAP) policy standards to all of its students.

Title IV regulations require an institution to consistently apply its satisfactory academic progress (SAP) standards for measuring whether a student is maintaining satisfactory academic progress before disbursing Title IV funds.

The reviewers found that Title IV funds were disbursed to students 1 and 19 for the Fall 1993 semester, even though their cumulative grade point averages were below the institution's required standard (3.0) at the end of the Spring 1993 semester. There was no documentation that the institution made any exceptions to the SAP policy for these students based on special circumstances.

By not adequately or consistently monitoring student (SAP) standards, the institution may be disbursing ineligible Title IV aid to students who have ceased to be making SAP; this may deprive other eligible students of need-based aid and create a financial burden on the U.S. Department of Education.

Reference: 34 CFR 668.7(c), 668.14(e), reissued as 668.16(e)

Corrective Action: At the exit conference, institutional officials agreed to provide certification within 15 days that the students in question had been evaluated and were meeting SAP standards. In the absence of such certification, liabilities for Title IV funds disbursed to students 1 and 19 would be assessed.

The institution also agreed to provide certification that procedures would be developed to ensure that SAP standards would be consistently applied and monitored for all students in the future.

Determination: The institution provided a certification acceptable to the Department. This finding is considered resolved.

Expedited Determination Letter (continued)

PRCN: _____

EXPEDITED DETERMINATION LETTER
Technical School, Anytown, USA
Appendix

Student Name

SS#

19 __ - __

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

19 __ - __

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- 15.
- 16.

19 __ - __

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- 20.
- 21.
- 22.
- 23.
- 24.