



March 14, 2014

Dr. George C. Bradley
Paine College
1235 Fifteenth Street
Augusta, GA 30901

UPS Next Day Air Tracking #:
1ZA879640294604593

RE: Second Requirement to Resubmit Program Review Response
OPE ID: 00158700
PRCN: 2013-1-04-28137

Dear Dr. Bradley:

The Atlanta School Participation Division has reviewed Paine College's resubmitted responses to the June 19, 2013 Program Review Report (PRR) issued by the Department and has identified errors in the response for the following findings. Paine must correct the errors as described below, and resubmit the response. In order to complete our review, we request that Paine College provide the following additional documentation/information within five days upon receipt of this letter.

Finding 1: Account Records Inadequate/Not Reconciled & Advances Used for Non-Program Purposes

Paine College was required to provide internal evidence of the disbursements that it posted to students' accounts for \$1,610,940 in Pell funds the school drew down between 8/9/2011 and 11/25/2011, and \$2,720,000 in Direct Loan funds it drew down between 8/24/2012 and 9/27/2012. In addition, Paine College was required to provide a copy of the students' ledgers showing when the funds were posted the accounts.

For one out of the twenty students tested Paine College failed to provide a copy of the student's account ledger for the date range specified. In order to complete our testing, Paine College is required to submit the Student Account Print Out from 8/1/2012 through 12/31/2012 for student

If you need further personal identifiable information for this student please contact me for this student's social security number.

Paine College's response is insufficient. Paine College provided a copy of the internal subsidiary ledger it has developed, however; along with the internal subsidiary ledger, Paine College failed to provide a narrative explaining when the ledger was set up and how the school is using it to track Title IV funds.

Federal Student Aid

U.S. DEPARTMENT OF EDUCATION
Atlanta School Participation Division

60 Forsyth Street, SW, Suite 18140, Atlanta, GA 30303
StudentAid.gov

Finding 2: Student Credit Balance Deficiencies

Paine College was required to provide a written policy that would ensure that credit balances are consistently paid in a timely manner.

Paine College failed to provide the revised credit balance policies and procedures and steps to avoid untimely payments in the future. The response was inadequate and lacked many necessary components, (ex: process for a student to rescind an authorization, how students obtain their refund, what happens if the institution is unable to student, etc...). The response also fails to address another primary cause for the untimely payment of credit balances—namely, the late posting of charges to students' accounts. In several cases, if the school had timely posted charges to students' accounts, the credit balances would never have been created.

In addition, Paine's response makes no mention of the use of credit balance authorization forms that, with the student's written consent, would allow the college to hold credit balances beyond the permissible 14 days (but not beyond the end of the loan period for FSA loans, or the end of the last payment period in the award year for which they were awarded for any other remaining FSA program funds—see p. 4-6 of the 2012-2013 FSA Handbook).

In obtaining the student's or parent's written authorization to hold Title IV credit balances, an institution

1. May not require or coerce the student or parent to provide that authorization;
2. Must allow the student or parent to cancel or modify that authorization at any time; and
3. Must clearly explain how it will carry out that activity. 34 C.F.R. § 668.165

Paine College must revise and submit their credit balance policies and procedures to include step-by-step procedures for how it will avoid untimely payments going forward. Paine College must also provide a revised copy of their Credit Balance Authorization form with the required components mentioned to the Department in response to this letter.

Finding 3: Current Year Funding Used to Pay Prior Year Charges

Paine College was required to update and submit procedures that would prevent prior year charges in excess of \$200 from being paid with current year funds. Paine College's response still failed to address the issue. The excerpt provided seems to pertain to the school's refund policy and the use of future FSA funds to pay outstanding charges within the same academic year.

Paine College must submit procedures preventing the payment of prior year charges in excess of \$200 with current year funds. In addition, Paine College was instructed to pay Student #6 the \$1,443 credit balance it failed to pay in the 2011-2012 award year. Paine College's response indicated that the student was actually enrolled in an additional course during the summer of 2012 but was not charged tuition for this course until 12/2/2013.

Upon further review it appears this student withdrew from one of the two courses enrolled in for summer 2012. As a result, Paine College must provide to the Department in its response a copy of Student #6's withdrawal form and/or supporting documentation that specifies when this

student withdrew. In addition, Paine College must include steps they will make to avoid untimely tuition charges to ensure future compliance.

Please see the enclosure Protection of Personally Identifiable Information (PII) for instructions regarding submission of required data/documents containing PII.

The resubmission of Paine College's response to these findings must be sent directly to Toyoko Woodard of this office within five calendar days of receipt of this letter. If this corrected response is not received by that date, a Final Program Review Determination may be issued based upon information received by that date.

If you have any questions concerning this correspondence, please do not hesitate to contact me at (404) 974-9448 or Toyoko.Woodard@ed.gov.

Sincerely,

Toyoko Woodard
Institutional Review Specialist

cc: Ms. Gerri Bogan, Financial Aid Director

Enclosures:
Protection of Personally Identifiable Information