

Paine given a year to correct financial mismanagement

Accrediting group gives school 12 months

By Tracey McManus

Staff Writer

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Editor's Note: Because of a reporter's error, an earlier version of this story incorrectly reported the first name of Belle Wheelan, the president of the Southern Association of Colleges and Schools' Commission on Colleges. The story has been changed to reflect this. The Chronicle regrets the errors.

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The accrediting body for colleges in the Southeast on Thursday gave Paine College 12 months to correct financial mismanagement uncovered this year by *The Augusta Chronicle* in order to keep its accreditation.

The warning period was given to Paine by the Southern Association of Colleges and Schools' Commission on Colleges, an organization recognized by the U.S. Department of Education that is responsible for overseeing the operations of educational institutions.

Paine is in violation of six compliance standards related to financial resources, the quality of administrative and academic officers, financial stability, control of finances, sponsored research and external funds, and the control of financial aid programs, said Belle Wheelan, the president of the accrediting organization.

After the newspaper's articles in April and May revealed mismanagement of federal funding by Paine, Wheelan said the organization asked the college to prove it was in compliance but the school couldn't.

"Anytime we find out stuff is going on – and thanks to you all actually writing up in the newspaper things were not right – we wrote an inquiry to them asking to show they were in compliance," Wheelan said. "The documents they sent back showed they were not in

compliance.”

Paine, which received a 10-year accreditation in 2011, now has 12 months to correct its financial deficiencies or face further sanctions.

Paine President George Bradley said he doesn't see the sanction as a punishment but as chance to create a plan to improve.

“That's an excellent opportunity for us to move forward,” Bradley said. “That warning just gives us an opportunity.”

Bradley said the school has been trying to fix financial problems for the past six months. He said the school is giving its board of trustees quarterly reports on the progress and also will keep SACS informed.

“We should be fine,” he said.

In April, *The Chronicle* reported that Paine did not change enrollment statuses or return unused financial aid to the government after some students withdrew in fiscal year 2010-11, according to a March 22 financial audit of the 2009-10 and 2010-11 fiscal years by Augusta accounting firm Cherry, Bakeart and Holland.

The audit detailed the school's lack of resources and knowledgeable personnel dedicated to preparing financial statements and managing federal money. In the fiscal year ending June 30, 2011, the college spent \$500,000 more than it had in income and ended with \$343,000 in available cash, compared with \$1.1 million the year before.

Paine lost access until 2014 to the Federal Perkins Loan, a need-based program for students, after not properly accounting for the funding.

It did not have policies and procedures to administer the program, and more than 50 percent of students defaulted on the loan, adding to its ineligibility, according to the audit.

The audit also found that Paine did not correctly manage federal student aid programs by giving money to two students out of a 40-student sample who did not attend the school, did not return leftover federal financial aid after students withdrew and did not properly record withdrawal statuses for students.

Wheelan said that it is possible for Paine to return to compliance but that it might take the whole year. She said her organization's board of trustees could have put Paine on a six-month warning but allowed more time because of the severity.

“We gave them 12 months to get their act together,” Wheelan said.