

September 27, 2013

**THE INFORMATION WE PREVIOUSLY SENT TODAY WAS ONLY A PRELIMINARY OF THE PROGRAM REVIEW.**

**THE DEPARTMENT OF EDUCATION PROGRAM REVIEWERS ASKED THAT OUR FIRST COMMUNICATION WITH OUR CLIENTS WAS A PRELIMINARY COMMUNICIATION.**

Dear All,

We are proud to inform you that the RGM Program Review conducted by USDE concluded on Thursday 09/26/2013 instead of Friday as originally scheduled.

**The program review revealed one finding and two conclusive and valid recommendations.**

**Finding:**

On the FISAP for 6/30/2013, new specifications came out adding a new column in section 2, income grid, aid applicants section. One student was reported in the wrong column in the wrong cell under graduate and professional student.

This student had indicated in the FAFSA on the web that he/she was working on a master/professional degree, and had also stated that the student did not have a bachelor's degree, but was enrolled in an undergraduate course.

The RGM mastersheet shows the student was correctly reported as enrolled in an undergraduate program in a AA degree program of two years in duration.

The student had no prior attendance in a postsecondary school.

Our coding for the new specifications was not ready to catch the discrepancy.

As a result, we are required to fix our code and resubmit the FISAPs affected by this new column. The change only affects a couple of schools offering Graduate/Professional programs.

This is being corrected now and we will more than likely have it ready by Monday to show the corrected action.

**RECOMMENDATIONS:**

**First Recommendation:**

It was recommended that schools post attendance at least on a weekly basis showing daily attendance in order for the reviewer to determine daily attendance, LDA, dates for

LOAs, dates for completion of instructional weeks, and completion of payment periods, SAP evaluations and R2T4..

Credit hour programs also need to post academic transactions to determine same conclusive dates.

This has been implemented in the system and our clients will be required to post attendance and graded elements needed for the system to calculate GPAs and SAPs.

Effective immediately, schools need to use the attendance posting transactions in the REGISTRAR MODULE available in the RGM system for the school to show in detail the calculation of the GPAs. To accomplish this schools may download data from their systems (in an excel or text coma delimited format) to be translated into the RGM system, or posted directly into the system.

Second Recommendation:

Per regulations, an Entrance Counseling Interview is required for all first time Direct Loan borrowers (FSA Handbook 2013-2014, Chapter 2- Volume 4 page 4-27), therefore a validation will be added in the check preview. This validation is now showing in the Check Preview and will be in effect as 10/15/2013 to allow schools FAOs to prepare for this change. We will provide more detailed information on the steps schools will need to take to clear the PROBLEM CHECK MESSAGE in a later email.

Well, as you can see the nerve breaking program review is over with and our staff did a very good job with only one finding (resolved) and two suggestions (implemented).

We all learned a lot from this experience and we are able to improve our system and services that will translate to easier audits and program reviews.

We are very proud to share with our clients that the four members of the review team (two from region IX, San Francisco and two from Region VII Kansas) expressed their satisfaction with the RGM internal procedures and system integrated features of the RGM system.

The team from Kansas expressed the fact that we were the first 3rd party servicer selected in a series of reviews that will be conducted throughout the entire country.

The areas the review covered were as follows:

Staff interview and individual responsibilities

Administration

Institutional controls, holidays, refund policies, courses, charges, other charges

Admissions

checked student profile, admission requirements, enrollment agreement, and weekly schedule.

Registrar area, attendance in very much detail, academic activities if no attendance required

Determination of payment periods

- Determination of leave of absence
- Determination of LDA and official withdrawal date
- Limitation and application of the 14 calendar days between LDA and End date
- Accuracy of attendance and other data posted in the RGM system
- Grades
- Calculation of GPA
- SAP evaluations
- Transcripts
- Course of study length, contents and controls in detail

Financial aid:

- Application process
- Data exchange (FAFSA, ISIRS, originations, disbursements and acknowledgement of promissory notes)
- COD reporting and reconciliation
- NSLDS Reporting and reconciliation SSCR and Enrollment Reporting Roster
- Awarding aid limits and amounts offered
- Award letter
- Shopping List
- Scheduled disbursement of aid
- SAP review
- Reimbursement procedures and submission

Fiscal:

- Disbursement of aid
- Student accounts
- Bank reconciliation
- G5 cash reconciliation- Payment History
- G5 Pell Reconciliation
- G5 Direct loan reconciliation
- Reconciliation to COD
- General ledgers
- 90/10
- Other fiscal reports
- R2T4
- Refund Calculation
- Deposits from G5 and tracking of funds
- Payment of refunds
- FISAP completion submission and back-up(our finding)

To prepare for the review we had one 3 inch binder with all information regarding RGM staff, controls and operations and two binders for each of the six schools selected.

To prepare for this, all the staff here in Los Angeles were under a lot of pressure from me in preparation of the program review. I thank them all for the extra effort placed on this project but I believe that all of them agree with me that all of it was worth it based on the results obtained.

I thank you all of your confidence and trust in RGM especially for your good wishes and prayers that all came together at the perfect time.

THANKS TO ALL AND EACH ONE OF YOU!!

In gratitude to all my staff for their hard work, today I am taking all of them to a late lunch at 1:00 p.m. If you have an urgent matter, please call my cell phone 323-394-8236.

Rafael