

Compliance Issues

**Compliance Issues:
An ED Perspective**

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**Federal Compliance
Issues Nationwide**

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Compliance Issues Nationwide

- Review of top 10 findings identified in program reviews and audits in FY2012
- Based on national statistics, by number of times the finding was identified
- Several of these findings are also very common in the Atlanta region

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Compliance Issues

Compliance Issues Nationwide

- 6. Enrollment Status Reporting Late/Inaccurate
- 7. Issues with Campus Crime/Clery Act
- 8. Satisfactory Academic Progress (SAP) Policy - Inadequate/Not Compliant; Failure to Monitor
- 9. Account Records Inadequate and/or Not Reconciled
- 10. Information in Student Files Missing and/or Inconsistent

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Compliance Issues Nationwide

- 1. R2T4 - Calculation Errors/Funds Returned Late/Not Performed
- 2. Incorrect Pell Grant Awards
- 3. Verification Issues
- 4. Credit Balance Issues
- 5. Entrance or Exit Counseling Issues

#1 Audit finding
Repeat Finding – failure to take corrective action

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R2T4 Calculation Errors

- Failure to correctly count the number of days in the payment period in credit hour programs
 - Not counting weekends
 - Not counting breaks correctly
 - Incorrectly counting the days in programs offered in modules within terms

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R2T4 Funds Returned Late

- Failure to return institution's share of unearned aid in no more than 45 days from the date of determination

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R2T4 Not Performed

- Failure to identify unofficial withdrawals
 - Occurs more often at schools not required to take attendance
 - Occurs more often at large schools
- School fails to follow up on all failing grades
- School has no process to identify students who stopped attending during the payment period
 - May occur more often with online programs

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Failing to Return Funds for No-Shows

- School has no process in place to identify students who never began attendance, or
- School identifies no-shows but fails to return funds within 30 days of determination
- 34 CFR 668.21

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Pell Over/Under Awards

- Incorrect definition of program structure
 - Standard terms, modules, compressed coursework, non-standard terms, non-term
- Incorrect proration for programs shorter than academic year or final period of study shorter than academic year
- Wrong enrollment status used in calculation

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Verification Issues

- Failure to resolve conflicting data between ISIR and other verification documents
- Failure to resolve conflicting data between ISIR and other documents obtained by the institution
- Failure to identify issues with basic IRS tax rules

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Credit Balance Issues

- Failure to obtain student/parent authorization to hold credit balances
- Holding funds (with authorization) beyond maximum allowable time
 - Remaining balance of loan funds – must be released by end of loan period
 - Remaining balance of all other funds – must be released by end of last payment period in the award year for which they were awarded

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Credit Balance Issues

- Delaying disbursements for an extended period of time (beyond 14 days) in the payment period
- Delaying the disbursement results in students not receiving their credit balances when they most need them – at the beginning of or early in the payment period

This is a very common student complaint!

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Entrance/Exit Counseling Issues

- Failure to document completion of required counseling
- May be more common with exit counseling
- Disbursing aid to students who did not complete entrance counseling
- Failure to document exit counseling when student graduates or withdraws
- Unofficial withdrawals may be more problematic
- Failure to mail (or email) exit counseling materials to students who do not complete counseling

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Campus Crime/Clery Act Issues

- Failure to develop and distribute the annual Campus Safety and Security Report
- Failure to develop and implement campus safety policies and procedures
- Reporting incorrect statistics on the Campus Security website
- Failing to record/report certain types of crimes

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Campus Crime/Clery Act Issues

- FSA is looking more closely at schools' compliance with these requirements during program reviews
- A special team within ED conducts several Clery Act reviews at schools each year
- Schools can be fined up to \$32,000 for each instance of failing to meet Clery Act requirements

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Campus Crime/Clery Act Issues

- Failure to develop, implement and distribute a Drug and Alcohol Abuse Prevention Plan (DAAPP) – 34 CFR Part 86
- Including a statement of school penalties for using illegal drugs or alcohol on campus *is not a DAAPP*
- A statement that the school complies with the Drug Free Workplace Act of 1988 *is not a DAAPP*

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Campus Crime/Clery Act Issues

- Part 86 requirement is found in the PPA
- School certifies it has a DAAPP *in operation* as of the date the PPA is signed
- DAAPP must be accessible to all students, staff, or officers of the school
- Plan must be actively distributed to all students and staff
- School must review the effectiveness of the plan every two years (documented)

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Campus Crime/Clery Act Issues

Resources

- ED Campus Safety Website
<http://www2.ed.gov/admins/lead/safety/campus.htm>
- Handbook for Campus Safety and Security Reporting
- Campus Safety and Security Training
- Statutes & regulations
- Data on Campus Crime
- FSA Assessments/Consumer Information
• <http://ifap.ed.gov/qahome/lsaassessment.html>
- FSA Data Center - Clery Act Reports (compliance reviews)
• <http://federalstudentaid.ed.gov/datacenter/cleryact.html>
- Click on School Data/Clery Act Reports

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SAP Issues

- Failure to develop a policy that meets minimum Title IV requirements
- Allowing for a pace of progression that would cause a student to take more than the maximum timeframe to complete the program
- Requiring students to meet either the quantitative (pace) or qualitative (grades) components, but not both

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SAP Issues

- Applying a different policy than the official written SAP policy
 - School changes the policy but fails to update written materials and/or provide the updated policy to students; ED holds schools to the policy *as it is written*
 - FSA requirements/regulations change but the school fails to update the policy to be in compliance with the new rules

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SAP Issues

- Failure to comply with the Program Integrity regulations, effective 7/1/2011
- Placing students on probation without the student first filing an appeal
- Approving appeals across the board rather than for unusual, mitigating circumstances
- Placing students on probation, with appeal, for more than one consecutive payment period

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SAP Issues

- Failure to properly monitor and/or document satisfactory progress
- Disbursing Title IV aid to students not meeting the school's minimum SAP standards
- Failure to provide adequate documentation that the school reviewed and evaluated student progress in accordance with the SAP policy

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Account Records Inadequate and/or Not Reconciled

- Failure to use an accounting system that adequately tracks all transactions involving Title IV aid and institutional charges
- Failing to reconcile Pell and Direct Loan program funds monthly, as required
- Reporting incorrect Pell and Direct Loan disbursement amounts/dates to COD

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Account Records Inadequate and/or Not Reconciled

- Failure to reconcile Pell at the end of the award year (usually last day of September following June 30 award-year end)
- Failure to reconcile Direct Loans at the end of the close-out cycle (usually June of the following calendar year)

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Student Status Reporting Issues

- Failure to report a change to enrollment status within the required timeframe
 - Within 30 days, unless the school's next SSCR Roster File will be due within the next 60 days
- Failure to submit the Roster File back to NSLDS within the required 30 days
- Incorrect reporting of enrollment status

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**Additional Compliance Issues:
Atlanta Regions**

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Invalid High School Diplomas

- HS transcript shows only 3 years of education and no indication the student graduated
- Unusual number of students enrolling in the college who all graduated from the same high school in another state
- School failed to develop a policy to address questionable HS diplomas (diploma mills)

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Denying and/or Reducing Loans without Valid Reason

- Across the board loan denials to specific groups of students
- Awarding subsidized but not unsubsidized loans

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Consumer Information Not Provided or Inadequate

Failure to provide general consumer info:

✓ Financial assistance	✓ Athletics
✓ Programs, costs, facilities, policies	✓ Textbook information
✓ Retention & placement rates	✓ Private loans

Failure to provide written policies to students for:

- Verification
- Disbursement process
- Credit balance procedures

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Consumer Information Not Provided or Inadequate

- Failure to post GE disclosures on school's website
 - 2011-12 award year disclosures were required to be posted no later than Jan. 31, 2013
 - Latest information on GE disclosures is in GE Electronic Announcement #42
- Failure to provide Net Price Calculator on school's website
 - Can use ED's template or calculator developed by institution or other entity

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Institutional & Program Eligibility Issues

- Incorrect clock to credit conversion
- Unreported additional locations
- Failure to update ECAR with program changes
- Failure to provide required state authorization information

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Where do you go from here?

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Communication

- Internal
 - Within offices
 - Between offices (periodic meetings, workshops, etc.)
 - With students/parents
- External
 - Between schools
 - U.S. Department of Education
 - Accrediting Agencies
 - State Agencies
 - Servicers

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Training & Technical Assistance

- Why?
 - Knowledge (refresh, improve, increase)
 - Changes (new procedures, policies, technology)
 - Back-up personnel, cross-training, succession planning
- How?
 - Associations, conferences, workshops
 - FSA Coach (ED CBT); FSA Assessments
 - Institutional Program Reviews and Audits
 - ACA Funds (Pell and Campus-Based)

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Internal Reviews/Audits

Who

- Compliance/Quality Assurance Office
- School Auditor
- Different Offices focus on specific areas

How

- School Programs Reviews/Audits - foundation
- Program Review Guide (typical items reviewed)
 - IFAP – “Publications”
- FSA Assessments

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FSA Assessments

- Self-assessment tool designed to assist schools in evaluating their financial aid policies, processes, and procedures
- Includes assessment modules on Students, Schools, Managing Funds, and Policies and Procedures

<http://www.ifap.ed.gov/qahome/fsaassessment.html>

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Resources, References & Contacts

- Information
 - Audit Guides, Blue Book, FISAP Instructions, Dear Colleague, Default rate guide, FAFSAs, Federal Registers, Federal Student Aid Handbooks...
 - Automatic mailer under "My IFAP" (Subscriptions)
- Websites
 - IFAP, NSLDS, FISAP, COD, Direct Loan, SAIG enrollment, FAA Access to CPS on the Web...
- U.S. Department of Education Contacts
 - Under "HELP" on IFAP

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Contacts


- Atlanta School Participation Team
 - Main Number: 404-974-9335
 - Point-of-Contacts
 - Laura Hall (IIS) – 404-974-9293
 - Cassandra Weems (IIS) 404-974-9305
- Atlanta Training Officers
 - David Bartnicki – 404-974-9312
 - Michael Roberts – 404-974-9313
- Email – `firstname.lastname@ed.gov`

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QUESTIONS?



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Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <http://s.zoomerang.com/s/DavidBartnicki>
 - Evaluation form is specific to David Bartnicki
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for "listening" to our customers
- Additional concerns about training can be directed to anmarie.weisman@ed.gov

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