

Federal Aid Compliance Issues

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U.S. Department of Education

Federal Compliance Issues Nationwide

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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Compliance Issues Nationwide

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



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

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



R2T4 Errors

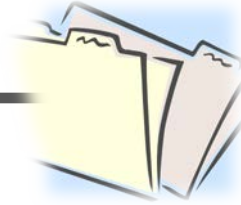
- Failure to correctly count the number of days in the payment period in credit hour programs
- Failure to return institution's share of unearned aid in no more than 45 days from the date of determination
- Failure to identify unofficial withdrawals
- School fails to follow up on all failing grades



Pell Grant - Over/Under Awards

- Incorrect definition of program structure
 - Standard terms, modules, compressed coursework, non-standard terms, non-term
- Incorrect formulas
- Wrong enrollment status used in calculation

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

Credit Balance Issues

- Failure to obtain student/parent authorization to hold credit balances
- Holding funds (with authorization) beyond maximum allowable time
- Delaying disbursements for an extended period of time in the payment period
- Delaying disbursement results in students not receiving credit balances when they most need them



This is a very common student complaint!

Entrance/Exit Counseling Issues

- Failure to document completion of required counseling
- Disbursing aid to students who are required to complete entrance counseling but failed to do so
- Failure to mail (or email) exit counseling materials to students who do not complete counseling





Student Enrollment Reporting Issues

- Failure to report a change in enrollment status within the required timeframe to NSLDS
 - Within 30 days, unless the school's next Enrollment Report 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

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

ED Campus Safety Website

<http://www2.ed.gov/admins/lead/safety/campus.html>

SAP Issues

- Failure to develop a policy that meets minimum Title IV requirements
- Misalignment of pace of progression and maximum timeframe
- Applying a different policy than the official written SAP policy
- Failure to comply with the Program Integrity regulations, effective 7/1/2011
- Failure to properly monitor and/or document satisfactory progress

Additional Compliance Issues: Atlanta Regions

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)

Denying and/or Reducing Loans Without Valid Reason

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



Consumer Information Not Provided or Inadequate

Failure to provide general consumer info:

- ✓ Financial assistance
- ✓ Programs, costs, facilities, policies
- ✓ Retention & placement rates

- ✓ Athletics
- ✓ Textbook information
- ✓ Private loans

Failure to provide written policies to students for:

- Verification
- Disbursement process
- Credit balance procedures

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

Federal Program Reviews



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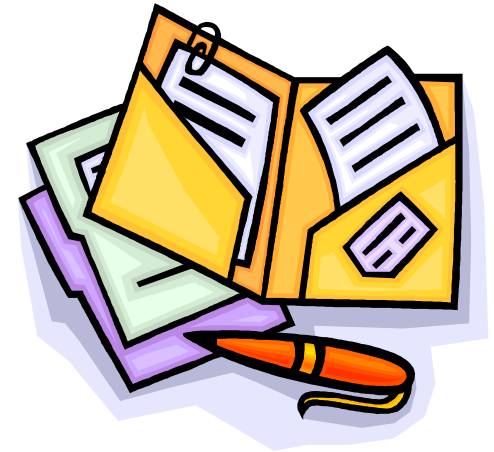
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Program Review –What Is It?

- A review by School Participation Team members of an institution's compliance with the laws and regulations pertaining to the Title IV Financial Aid Programs



Scope of Program Reviews

- General assessment review
 - Various areas of concern
 - Will do a general review of processes
- Focused program review
 - Specific compliance issues or process
- Joint program review
 - Adverse action or significant liabilities
- Compliance Assistance Review (CAR)
 - Low risk



The Program Review Process

- School selected for a program review
 - Off-site or onsite
 - Announced or unannounced
- Review conducted
 - Typically 5 days; review files, policies, and fiscal procedures/records

Entrance Interview

- Outline activities for the week
- Provide random student sample for review
- Explain scope and purpose of the review
- Identify records needed
- Clarify what is needed from whom

Assisting the Reviewers

- Designate a knowledgeable contact person in each appropriate office
- Never restrict access to any staff member or student
- Ensure that a 3rd-party servicer contact and records are available (if applicable)
- *Provide review team with space to work, preferably a private space, and access to copier and telephone.*

Program Review Areas

1. Institutional eligibility/issues
2. Student eligibility/issues
3. Fiscal records/financial management
4. Electronic reporting



Exit Conference

- Summarize deficiencies
- Inform officials of corrective actions
- Timeframes for follow-up activities
- Preliminary findings
 - *Further research in office may add or subtract findings from report*



Program Review Report

- PRR sent to school up to 75 days after review is completed
- Identifies findings of non-compliance
- Includes required corrective actions
- School must respond to each finding that was not resolved



Program Review Report

- School has 30-60 days to respond to the Program Review Report
- Timeframe depends on complexity of review and/or need for file reviews
- *Extension can be granted on a case-by-case basis*

Final Program Review Determination Letter (FPRD)

- FPRD sent to school 30-90 days after receipt of school response
- Letter outlines actions the school must take to resolve findings
- Includes liabilities and payment instructions, if applicable
- School has 45 days to appeal any monetary liabilities



QUESTIONS?

