

Top Ten Compliance Concerns

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U.S. Department of Education

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND™

Top 10 Audit Findings - by occurrences:
FY2014

1. Repeat Findings/Failure to Correct
2. NSLDS Enrollment Report– inaccurate/untimely reporting
3. Return of Title IV (R2T4) Calculation Errors
4. Return of Title IV (R2T4) Made Late
5. Verification Violations
6. Pell - Overpayment/Underpayment
7. Student Credit Balance Deficiencies
8. Entrance/Exit Counseling Deficiencies
9. Qualified Auditor’s Opinion
10. G5 Expenditures - Untimely/Incorrectly Reported

Top 10 Program Review Findings –
by occurrences: FY2014

1. Verification Violations
2. Return of Title IV (R2T4) Calculation Errors
3. Student Credit Balance Deficiencies
4. Entrance/Exit Counseling Deficiencies
5. Crime Awareness Requirements not met
6. Satisfactory Academic Progress - Not Developed/Monitored
7. NSLDS Enrollment Report– inaccurate/untimely reporting
8. Inaccurate Recordkeeping
9. Drug Abuse Prevention Program Criteria Not Met ****NEW!**
10. Consumer Information Requirements Not Met
10. Return of Title IV (R2T4) Made Late } TIE


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Top Ten Compliance Concerns

Findings on Both Lists

Audit and Review Findings:

- R2T4 calculation errors
- R2T4 funds made late
- Verification violations
- NSLDS enrollment reporting – Inaccurate/Untimely Reporting
- Student credit balance deficiencies
- Entrance/Exit counseling deficiencies



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Audit/Program Review Finding Specifics



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Repeat Finding – Failure To Take Corrective Action

- Failure to implement Corrective Action Plan (CAP)
- Ineffective CAP used from previous year(s)
- CAP did not remedy the instances of noncompliance
- Internal controls not sufficient to ensure compliance with FSA guidelines


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Top Ten Compliance Concerns

NSLDS Enrollment Report– Inaccurate/Untimely Reported


- Enrollment Reporting Report not submitted timely to NSLDS
- Untimely reporting of specific student information
- Failure to provide notification of last date of attendance/changes in student enrollment status
- Failure to report accurate enrollment types and effective dates

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R2T4 Calculation Errors





- Incorrect number of days/clock hours
- Ineligible funds as aid that 'could have been disbursed'
- Improper treatment of overpayments
- Incorrect withdrawal date
- Mathematical and/or rounding errors

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Return of Title IV Funds Made Late

- Returns not made within 45-day allowable timeframe
- School's policy and procedures not followed
- Inadequate system in place to identify/track official and unofficial withdrawals
- No system in place to track number of days remaining to return funds




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Top Ten Compliance Concerns


Verification Violations



- Verification documentation missing/incomplete
- Income tax returns/transcripts missing
- Conflicting data not resolved
- Untaxed income not verified
- Corrections that exceed tolerance not submitted
- Interim disbursement rules not followed

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Pell Grant Overpayment/Underpayment



- Incorrect Pell Grant formula
- Inaccurate calculations
 - Incorrect EFC
 - Incorrect number of weeks/hours
 - Incorrect payment periods
 - Incorrect program academic year definition
 - Incorrect transfer student calculation
- Incorrect Pell recalculation (enrollment status change)

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Student Credit Balance Deficiencies

- Credit balance not released to student within 14 days
- No process in place to determine when a credit balance has been created
- Non-compliant authorization to hold Title IV credit balances
- Credit balances not released by end of loan period or award year


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Top Ten Compliance Concerns

Entrance/Exit Counseling Deficiencies


- Entrance counseling not conducted/ documented for first-time borrowers
- Exit counseling not conducted/documentated for withdrawn students or graduates
- Exit counseling materials not sent to students who failed to complete counseling
- Exit counseling completed late



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Qualified Auditor's Opinion Cited in Audit


- Anything other than an unqualified opinion
- Serious deficiencies/areas of concern in the compliance audit/financial statements
 - R2T4 violations
 - Inadequate accounting systems and/or procedures
 - Lack of internal controls



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**G5 Expenditures –
Untimely/Incorrectly Reported**

- COD actual disbursement dates do not correspond to actual disbursement dates recorded in student account record/ledger
- Possible exception if disburse own funds more than 10 days prior to start of payment period or term



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Top Ten Compliance Concerns

Crime Awareness Requirements Not Met

- Campus security policies and procedures not adequately developed
- Annual report not published and/or distributed
- Annual report missing required components
- Failure to develop a system to track and/or log all required categories of crimes for all campus locations



SAP Policy – Not Adequately Developed/Monitored

- Missing required components
 - Qualitative, quantitative, maximum timeframe, remedial/repeat coursework, etc.
- Improper use of financial aid warning, appeals, probation and academic plans in SAP policy
- Failure to consistently or adequately apply SAP policy
 - Aid disbursed to students not meeting the standards
- Insufficient or missing documentation to support SAP

Inaccurate Recordkeeping

- Failure to document enrollment status before disbursement
- Failure to determine unofficial withdrawals
- Conflicting Last Dates of Attendance (LDA)
- Inadequate or mismatched attendance records for schools that are required to take attendance
- Failure to maintain consistent disbursement records
- Inaccurate/missing Federal Work-Study timesheets
- Failure to follow policies and procedures



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Top Ten Compliance Concerns

Drug and Alcohol Abuse Prevention Program Requirements Not Met

- Failure to document drug prevention program policies
- Failure to distribute annual written information about drug prevention to students and employees
- Missing written statement about standards of conduct prohibiting unlawful possession
- Missing description of legal sanctions imposed under local, State or Federal law
- Failure to provide description of drug/alcohol counseling/treatment programs

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Consumer Information Requirements not met

Failure to provide general consumer info:

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

Failure to provide written policies to students for:

- Verification
- Disbursement process
- Credit balance procedures, etc.

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Common Causes of Findings




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Top Ten Compliance Concerns

Potential Problems

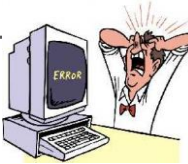
- Lack of communication
 - Within the office and between different offices
- All key personnel not aware of past problems
- Lack of knowledge/training
 - External and internal training
- No function back-ups; no succession planning
- Lack of written policies and procedures



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Potential Problems


- No internal review process; no checks and balances
- Lack of resources
 - Equipment, staff, supplies, software, etc.
- System problems
 - Outdated, limited flexibility, expensive upgrades, manual work-arounds, etc.



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Contacts

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- Atlanta Training Officers
 - MS, AL, FL, GA, NC, SC, KY, TN
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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 feedback about training can be directed to joann.borel@ed.gov

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Questions?



Financial Aid Program Review Prayer

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Resources by Top 10 Findings

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Resources by Top 10 Findings

Repeat Finding (Audit)

- Regulations: 34 C.F.R. §§ 668.16 and 668.174(a)

R2T4 Calculation Errors and R2T4 Made Late

- Regulations: 34 C.F.R. §§ 668.22(e) and (f); 668.22(j) and 668.173(b)
- FSA Assessment: Schools - R2T4 assessment
- R2T4 Worksheets
 - Electronic Web Application (<https://faaaccess.ed.gov>)
 - Paper (FSA Handbook, Volume 5, Chapter 1)

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Resources by Top 10 Findings

NSLDS Reporting – Inaccurate/Untimely Reporting

- Regulation: 34 C.F.R. § 685.309(b)
- Dear Colleague Letter: GEN-12-06
- NSLDSFAP website - newsletter updates
 - https://www.nslsdfap.ed.gov/nsls_fap/default.jsp
 - "News & Events" along top of home page

Verification Violations

- Regulations: 34 C.F.R. §§ 668.51 – 668.61 (Subpart E) and 668.16(f)
- FSA Assessments: Students - Verification
- Federal Student Aid Handbook, Application & Verification Guide, Chapters 4 and 5

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Resources by Top 10 Findings

Pell Overpayment/Underpayment

- Regulations: 34 C.F.R. §§ 690.62, .63, .75, .79 & .80
- FSA Handbook, Volume 4, Chapter 3

Qualified Auditor's Opinion Cited in Audit

- Regulation: 34 C.F.R. § 668.171(d)(1)
- FSA Coach
- FSA Assessments
- FSA Handbook, Volume 4, Chapters 5 & 6; Appendix A

Student Credit Balance Deficiencies

- Regulations: 34 C.F.R. §§ 668.164(e) and 668.165(b)
- FSA Handbook, Volume 4, Chapter 2

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Resources by Top 10 Findings

Entrance/Exit Counseling Deficiencies

- Regulation: 34 C.F.R. § 685.304
- FSA Coach, Module B401: Direct Loan Counseling
- FSA Handbook, Volume 2, Chapter 6

G5 Expenditures Untimely/Incorrectly Reported

- Federal Register Volume 78, Number 40 (February 28, 2013)
- Regulation: 34 C.F.R. § 668.164(a)
- FSA Handbook, Volume 4, Chapter 2
- FSA Coach, Module C104: Reporting Requirements

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Resources by Top 10 Findings

Crime Awareness Requirements Not Met and Consumer Information Requirements Not Met

- Regulations: 34 C.F.R. Parts 86 and 99
- Regulations: 34 C.F.R. 668.6, 668.41 - 668.49 (Subpart D)
- Higher Education Act of 1965, as amended, Sec. 485
- FSA Handbook, Volume 2, Chapter 6 and 7; Appendix F
- <http://fsatraining.info> (Consumer Information Training)
- FSA Assessments: Schools - Consumer Information
 - Consumer Information Disclosures At-A-Glance
- The Handbook for Campus Safety and Security Reporting
 - <http://www2.ed.gov/admins/lead/safety/campus.html>

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Resources by Top 10 Findings

Satisfactory Academic Progress Policy Not Adequately Developed/Monitored

- Regulations: 34 C.F.R. §§ 668.16(e), 668.32(f) & 668.34
- FSA Assessments: Students - Satisfactory Academic Progress (SAP)
- FSA Handbook, Volume 1, Chapter 1
- Satisfactory Academic Progress Training
 - <http://fsatraining.info> (Training by Topics)

Inaccurate Recordkeeping

- Regulations: 34 C.F.R. §§ 668.16(f) and 668.24(a),(c)

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