

Program Review Essentials and Top 10 Compliance Findings

Anita Olivencia

U.S. Department of Education

NCASFAA 2015 Spring Conference

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

PROUD SPONSOR of
the AMERICAN MIND®

Top 10 Audit and Program Review Findings

Top Audit Findings

1. Repeat Finding – Failure to Take Corrective Action
2. Return of Title IV (R2T4) Calculation Errors
3. Student Status – Inaccurate/Untimely Reporting
4. R2T4 Made Late
5. Verification Violations

Top Audit Findings


6. Pell Overpayment/Underpayment
7. Qualified Auditor's Opinion Cited in Audit
8. Student Credit Balance Deficiencies
9. Entrance/Exit Counseling Deficiencies
10. G5 Expenditures Untimely/Incorrectly Reported**

***NEW!

Top Program Review Findings

1. Verification Violations
 2. Student Credit Balance Deficiencies
 3. Entrance/Exit Counseling Deficiencies
 3. R2T4 Calculation Errors
 4. Crime Awareness Requirements Not Met
 4. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored
 5. Inaccurate Record Keeping
- Tie
- Tie

Top Program Review Findings

6. R2T4 Made Late
 7. Consumer Information Requirements Not Met**
 8. Information in Student Files Missing/Inconsistent
 9. Pell Overpayment/Underpayment
 10. Student Status – Inaccurate/Untimely Reporting**
 10. Lack of Administrative Capability
-  Tie

◆◆NEW!

Findings on Both Lists

- R2T4 Calculation Errors
- Student Status – Inaccurate/Untimely Reporting
- R2T4 Made Late
- Verification Violations
- Pell Overpayment/Underpayment
- Student Credit Balance Deficiencies
- Entrance/Exit Counseling Deficiencies

Program Review Essentials

What is a Program Review?

- Method of oversight
- Evaluates compliance with Title IV, HEA statute and regulations
 - Examination of financial aid, fiscal and academic records
 - Interviews with institution staff and students
 - Thorough review of consumer information requirements
- Identifies errors in compliance and liabilities owed
- Improves future institutional capabilities

Why are Program Reviews Conducted?

- Secretary of Education mandated by law under Section 498A of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1099c to conduct program reviews at institutions of higher education participating in the Title IV, HEA programs:

(a) GENERAL AUTHORITY. - In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary -

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institution of higher education participating in programs authorized by this title;

Who Conducts Program Reviews?

- Federal Student Aid
 - Program Compliance
 - School Eligibility Service Group (SESG)
 - School Participation Division
 - Program Review Team

Secretary of Education has delegated responsibility of conducting program reviews

How Are Institutions Selected?

- 20 U.S.C. 1099c-1 (a)(2): *(The Secretary) shall give priority for program review to institutions of higher education that are institutions with-*
 - High cohort default rate or dollar volume of default (25%+)
 - Significant fluctuations in Federal Pell Grant or loan volume
 - Reported deficiencies or financial aid problems by state or accrediting agency
 - High annual dropout rates, or
 - Any other institution Department determines may pose significant risk of failure to comply with administrative capability or financial responsibility requirements

Program Review Preparation

Department Preparation for Program Review

- Institutional Structure Research
- Systems Research (COD, G5, EZ-audit, FISAP, NSLDS)
- Other Research
- Program Review Plan
 - On-site or Off-site
 - General or Focused
 - Announced or Unannounced

Institution Preparation for Program Review

- Receiving Notification of Program Review
 - Advance Notice Review
 - Short Notice Review
- Third-Party Servicer Notification
- Responding to Announcement Letter – 5 days
 - Preparing the Response
 - Protecting Sensitive Data
 - Materials not submitted by due date

Department Preparation for Program Review

- SPD Reviews Institutional Documents Collected
 - Catalog/Brochure/Handbook
 - Policies and Procedures
 - Published Campus Security Information
 - Student Consumer Publications
 - Online Student Consumer Information
 - Institutional Forms, Applications and Worksheets

Program Review Begins

Entrance Conference

- Introductions
- Reason for Program Review and Scope
- Overview of Program Review Process
- How Title IV is Processed/Staff Responsibilities
- Required Documents and Time Frames to Provide
- Schedule Exit Conference or Status Meeting
- Getting Started/Housekeeping rules

Department Review of Institutional Processes and Data

Review of Institutional Processes and Data

- Review of Institutional Critical Elements
 - Eligible Institution
 - Administrative Capability
 - Program Eligibility
 - Consumer Information
 - Campus Security
 - Financial Responsibility
 - Fiscal Review
 - FISAP

Review of Institutional Processes and Data

- Staff Interviews
 - Academic/Registrar
 - Admissions
 - Financial Aid
 - Student Accounts/Bursar/Fiscal Office
 - Placement
 - Campus Security
 - Outside Sources (Perkins Loan Officer, ATB Test Admin.)

Department Review of Student Level Information

Review of Student Level Information

- Review of Student Critical Elements
 - Student Eligibility
 - Attendance
 - Cost of Attendance
 - Credit Balances
 - Enrollment Status
 - Dependency Overrides/Professional Judgment
 - Return of Title IV
 - Satisfactory Academic Progress
 - Verification
 - Calculations/Disbursements

Review of Student Level Information

- Records Reviewed in Student Files
 - Admissions
 - Academic
 - Financial Aid
 - Student Account Ledger
- Student Records Compared to Department Data
 - NSLDS
 - COD
 - CPS
- Student Interviews

Program Review Concludes

Exit Conference or Status Meeting

- Whether it's an On-Site or Off-Site Program Review
 - Required Actions
 - Outstanding Items and Submission Timeframes
 - Preliminary Findings
 - Next Steps in the Program Review Process

Referrals

- Administrative Actions and Appeals Service Group
 - For serious non-compliance issues
- Management Improvement Services
 - For training or Improvement Plan
- Office of Inspector General
 - For suspicion of fraud, waste and abuse
- State Authorizing and Accrediting Agencies
 - For other problems found under their oversight

Post-Review Communication and Report

Data Analysis Completed

- Three Possible Outcomes
 - Additional Information Requested
 - Expedited Determination Letter (EDL) Issued
 - Program Review Report (PRR) Issued

Request For Additional Information

- Institution requested to send documentation
- Typically allowed 30 days to provide information
- If information not provided
 - Visit scheduled to review documents on-site
 - or-
 - PRR includes findings that could have been otherwise omitted
 - or-
 - PRR includes Lack of Administrative Capability finding

Program Review Report

- Identifies findings with regulatory citations
- Actions required by institution
- Standard sections
 - Cover page
 - Table of Contents
 - Institutional Information
 - Scope of Review and Disclaimer
 - Findings
 - Recommendations, if applicable
 - Appendices and Enclosures
- Sample template in Program Review Guide

Program Review Report Findings

- Student-Specific
 - No potential or actual liability
 - Potential or actual liability
 - Small error rate (may need to correct just student records identified)
 - High error rate (may need to correct all student records in statistical sample or entire population of students with specific characteristics)
- School Finding
 - Incomplete or unacceptable policy or procedure
 - Problems related to institutional eligibility, financial responsibility, financial reporting, other actions
 - No potential or actual liability – correct Policy and Procedures
 - Potential or actual liability – need to submit documentation to quantify liability

Program Review Report Response

Institution Responds to PRR

- You are required to respond in writing (protect PII)
- Submit by due date
- Disagree with any PRR conclusions – you may submit documentation in response to PRR
- Must Provide Documents Required in PRR
 - Correct policy or procedure
 - Correct student-specific error
 - File review required
 - Provide information to quantify liability
- Request extension of time for good cause – in writing (email, fax, or letter)

Department Follow Up to Response

- Response not received by due date
 - A *Request for Extension to Respond* needs to be filed if more than one week behind
 - Less than one week- provide written confirmation of the date the response will be received
- Missing information or need clarification
- Response rejected
 - Problems with documents for several files
 - Typically given another 30 days to correct and respond

Final Determination and Follow UP

Final Program Review Determination Letter (FPRD)

- Department's final determination for each finding
- Identifies liabilities and provides payment instructions
- Closes Program Review, if appropriate
- State authorizing and accrediting agencies receive copies
- Subject to FOIA
- Two types:
 - No further action required – all findings have been resolved and liabilities paid
 - Further action required – closing will depend on actions needed

FPRD Closeout Letter or Appeal of Monetary Liabilities

- FPRD Closeout Letter
 - Issued after satisfactory response to FPRD
 - Not issued if institution files appeal
- Appeal of Monetary Liabilities
 - Filed within 45 days
 - Collection efforts deferred on appealed liability amount
 - Non-appealed liabilities must be paid
 - Billing resumes if decision in Department's favor

Contact Information

Anita Olivencia – Training Officer

Phone: 617-289-0130

- E-mail: Anita.Olivencia@ed.gov

Cassandra Weems – IIS Atlanta Region

- Phone: 404-974-9305

- E-mail: Cassandra.Weems@ed.gov

SCHOOL ELIGIBILITY SERVICE GROUP (SESG)

Ron Bennett - Director, School Eligibility Service Group, Washington, DC
(202) 377-3181

School Eligibility Service Group General Number: (202) 377-3173 or e-mail: CaseTeams@ed.gov

Or call the appropriate School Participation Division manager below for information and guidance on audit resolution, financial analysis, program reviews, school and program eligibility/recertification, and school closure information.

New York/Boston School Participation Division

Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, Puerto Rico, Virgin Islands

Betty Coughlin, Director (646) 428-3737

Tracy Nave – Boston (617) 289-0145

Patrice Fleming – Washington, DC (202) 377-4209

Chris Curry – New York (646) 428-3738

Philadelphia School Participation Division

District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, West Virginia

Nancy Gifford, Director (215) 656-6436

John Loreng – Philadelphia (215) 656-6437

Sherrie Bell – Washington, DC (202) 377-3349

Multi-Regional and Foreign Schools Participation Division

Michael Frola, Director – Washington, DC
(202) 377-3364

Barbara Hemelt – Washington, DC (202) 377-4201

Joseph Smith – Washington, DC (202) 377-4321

Barbara Murray – Washington, DC (202) 377-4203

Atlanta School Participation Division

Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina

Christopher Miller, Director (404) 974-9297

David Smittick – Atlanta (404) 974-9301

Vanessa Dillard – Atlanta (404) 974-9418

Dallas School Participation Division

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Cynthia Thornton, Director (214) 661-9457

Jesus Moya – Dallas (214) 661-9472

Kim Peeler – Dallas (214) 661-9471

Kansas City School Participation Division

Iowa, Kansas, Kentucky, Missouri, Nebraska, Tennessee

Ralph LoBosco, Director (816) 268-0440

Dvak Corwin – Kansas City (816) 268-0420

Jan Brandow – Kansas City (816) 268-0409

Clery/Campus Security (Managed under the Administrative Actions and Appeals Service Group)

Jim Moore – Washington, DC (202) 377-4089

Chicago/Denver School Participation Division

Illinois, Minnesota, Ohio, Wisconsin, Indiana, Colorado, Michigan, Montana, North Dakota, South Dakota, Utah, Wyoming

Douglas Parrott, Director (312) 730-1532

Earl Flurkey – Chicago (312) 730-1521

Brenda Yette – Chicago (312) 730-1522

Douglas Parrott – Denver (A) (312) 730-1532

San Francisco/Seattle School Participation Division

American Samoa, Arizona, California, Guam, Hawaii, Nevada, Palau, Marshall Islands, North Marianas, State of Micronesia, Alaska, Idaho, Oregon, Washington

Martina Fernandez-Rosario, Director
(415) 486-5605

Gayle Palumbo – San Francisco (415) 486-5614
or Seattle (206) 615-3699

Dyon Toney – Washington, DC (202) 377-3639

Erik Fosker – San Francisco (415) 486-5606

Questions?

Contact me with follow-up questions about this session:

Anita Olivencia

Anita.Olivencia@ed.gov; (617) 289-0130



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/AnitaOlivencia>
 - Evaluation form is specific to Anita Olivencia
- 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 annmarie.weisman@ed.gov; 215-656-6456

Top 10 Resources for Compliance Solutions

Top 10 Resources

➤ FSA Assessments

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

➤ Consumer Information/Campus Security

➤ Return of Title IV Funds

➤ Institutional Eligibility

➤ Satisfactory Academic Progress

➤ Verification

➤ Fiscal Management

Top 10 Resources

➤ FSA Training

➤ <http://fsatraining.info/>

- Fundamentals of Federal Student Aid Administration
- FSA Coach
- Consumer Information
- Satisfactory Academic Progress
- Institutional Eligibility
- Recorded Webinars

Top 10 Resources

- *Federal Student Aid Handbook*

- <http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook&awardyear=2014-2015>

- Application and Verification Guide

- Chapter 4: Verification, Updates and Corrections

- Chapter 5: Special Cases

- Volume 1 (Student Eligibility)

- Chapter 1: School-Determined Requirements

- Volume 2 (School Eligibility and Operations)

- Chapter 6: Consumer Information & School Reports

Top 10 Resources

➤ *Federal Student Aid Handbook*

- Volume 4 (Processing Aid and Managing FSA Funds)
 - Chapter 2: Disbursing FSA Funds
 - Chapter 3: Overawards and Overpayments
 - Chapter 5: Reconciliation in the Pell Grant and Campus-Based Programs
 - Chapter 6: Reconciliation in the Direct Loan Program
 - Appendix A: Accounting Systems
- Volume 5, Chapter 1 (Withdrawals and the Return of Title IV Funds)

Top 10 Resources

➤ Code of Federal Regulations

➤ http://www.ecfr.gov/cgi-bin/text-idx?SID=399ac6bf303186363d2483e05e270c75&tpl=/ecfrbrowse/Title34/34tab_02.tpl

➤ Title 34, Education

- Part 84 (Drug Free Workplace)
- Part 86 (Drug and Alcohol Abuse Prevention)
- Part 99 (Family Education Rights and Privacy)
- Part 600 (Institutional Eligibility under the Higher Education Act of 1965, as amended)
- Part 668 (Student Assistance General Provisions)
- Parts 673 – 676 (Campus-Based Provisions)
- Part 685 (William D. Ford Federal Direct Loan Program)
- Part 686 (TEACH Grant Program)
- Part 690 (Federal Pell Grant Program)

Top 10 Resources

- Campus Security
 - <https://www2.ed.gov/admins/lead/safety/campus.html>
- Entrance/Exit Counseling
 - <https://studentloans.gov>
- Return of Title IV (R2T4) on the Web
 - <https://faaaccess.ed.gov>

Top 10 Resources

➤ *2013 Blue Book*

➤ <http://www.ifap.ed.gov/ifap/BlueBook.jsp?year=2013>

➤ Direct Loan School Guide (2008-09)

➤ <http://www.ifap.ed.gov/dlsguides/2008DLSchGuide.html>

➤ School Data on StudentAid.gov

➤ <https://studentaid.ed.gov/about/data-center/school>

Resources by Top 10 Findings

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)

Resources by Top 10 Findings

- Student Status – 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/nslsdfap/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

Resources by Top 10 Findings

- Pell Overpayment/Underpayment
 - Regulations: 34 C.F.R. §§ 690.62, 690.63, 690.75, 690.79 & 690.80
 - 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

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

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
 - Consumer Information Training
 - ✓ <http://fsatraining.info> (Training by Topics)
 - 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>

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)
- Information in Student Files Missing/Inconsistent
 - Regulations: 34 C.F.R. §§ 668.16(f) and 668.24(a),(c)
- Lack of Administrative Capability
 - Regulation: 34 C.F.R. § 668.16