


### Top Ten Compliance Concerns

NCASFAA Fall Conference  
November 14-16, 2016



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U.S. Department of Education

Federal Student Aid  
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**Top 10 Audit Findings - by occurrences:**  
FY2015

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. Qualified Auditor’s Opinion
8. Entrance/Exit Counseling Deficiencies
9. Student Credit Balance Deficiencies
10. Improper Origination of Direct Loans **(NEW)**




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**Top 10 Program Review Findings –**  
**by occurrences: FY2015**

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

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### Top Ten Compliance Concerns

**Findings on Both Lists**

Audit and Review Findings:

- R2T4 calculation errors
- 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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**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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### 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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**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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**Improper Origination of Direct Loans**

- Incorrect academic year dates or loan period dates
- Annual/aggregate loan limits exceeded
- Improper proration (program less than an AY or remaining period of study)
- Incorrect abbreviated loan period
- SULA reporting errors (subsidized loan limits)



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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




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#### 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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Top Ten Compliance Concerns

**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

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**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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**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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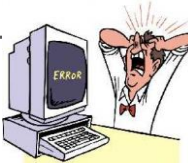
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**Potential Problems**

- 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**

- Atlanta School Participation Team
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  - Main Number: 404-974-9303/9335
  - Arva Thomas (IIS) 404-974-9412
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- Atlanta Training Officers
  - MS, AL, FL, GA, NC, SC, KY, TN
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Top Ten Compliance Concerns

**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](mailto:joann.borel@ed.gov)

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**Questions?**



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**Resources by Top 10 Findings**

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### Top Ten Compliance Concerns

**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](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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### Top Ten Compliance Concerns

**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

Improper Origination of Direct Loans

- GEN-13-13
- Regulation: 34 C.F.R. § 685.301
- COD Technical Reference Guide
- FSA Handbook, Volume 3, Chapter 3

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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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