Top 10 Compliance Findings

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IASFAA 2015

Top Audit Findings

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

Top Program Review Findings

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 Policy Not Adequately Developed/Monitored

6. Pell - Overpayment/Underpayment
7. Student Credit Balance Deficiencies
8. Entrance/Exit Counseling Deficiencies
9. Qualified Auditor’s Opinion Cited in Audit
10. G5 Expenditures Untimely/Incorrectly Reported
Top Program Review Findings

7. NSLDS Roster Reporting – Inaccurate/Untimely Reporting
8. Inaccurate Record Keeping
9. Drug Abuse Prevention Program Requirements Not Met
10. Consumer Information Requirements Not Met
10. Return of Title IV (R2T4) Made Late

Findings on Both Lists

- Return to Title IV (R2T4) Calculation Errors
- NSLDS Reporting – Inaccurate/Untimely Reporting
- Return to Title IV (R2T4) Made Late
- Verification Violations
- Student Credit Balance Deficiencies
- Entrance/Exit Counseling Deficiencies

Repeat Finding – Failure to Take Corrective Action

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

NSLDS Roster Reporting – Inaccurate/Untimely Reporting

- NSLDS Roster file (formerly called Student Status Confirmation Report [SSCR]) 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

Regulation: 34 C.F.R. §§ 668.16 and 668.174(a)
**R2T4 Calculation Errors**

- Incorrect number of days used in term/payment period
- Actual clock-hours used instead of scheduled hours
- Incorrect aid used as “could have been disbursed”
- Incorrect withdrawal date
- Mathematical and/or rounding errors

**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

*Regulations: 34 C.F.R. §§ 668.22(e) and 668.173(b)*

**Verification Violations**

- Verification documentation missing/incomplete
- Income tax transcripts missing
- Untaxed income not verified
- Interim disbursement rules not followed
- Conflicting data not resolved

*Regulations: 34 C.F.R. §§ 668.51 – 668.61 (Subpart E) and 668.16(f)*

**Pell Grant Overpayment/Underpayment**

- Incorrect Pell Grant formula
- Inaccurate calculations
  - Proration
  - Incorrect EFC
  - Incorrect number of weeks/hours
  - Change in enrollment status

*Regulations: 34 C.F.R. §§ 690.62, 690.63, 690.75, 690.79 & 690.80*
**Student Credit Balance**

**Deficiencies**
- Credit balance not released to student within 14 days
- No process in place to determine when 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

*Regulations: 34 C.F.R. §§ 668.164(e) and 668.165(b)*

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**Entrance/Exit Counseling**

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

*Regulation: 34 C.F.R. § 685.304*

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**Qualified Auditor’s Opinion Cited in Audit**
- Anything other than unqualified opinion
- Serious deficiencies/areas of concern in compliance audit/financial statements
  - R2T4 violations
  - Inadequate accounting systems and/or procedures
  - Lack of internal controls

*Regulation: 34 C.F.R. § 668.171(d)(1)*

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**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

*Regulations: 34 C.F.R. §§ 668.41, 668.46(c) & 668.49*
SAP Policy Not Adequately Developed/Monitored

- One or more missing required components in Satisfactory Academic Progress (SAP) policy
  - Qualitative, pace of completion, maximum timeframe, reestablishing aid eligibility
- 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 SAP standards
- Insufficient or missing documentation to support SAP

Inaccurate Recordkeeping

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

Drug 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

Consumer Information Requirements Not Met

- Missing institutional financial assistance information
- Missing institutional information
- Missing health and safety information
- Missing disclosures of institutional outcomes
- Missing FERPA disclosure information
- Missing gainful employment disclosures

Regulations: 34 C.F.R. §§ 668.16(e), 668.32(f) & 668.34

Regulations: 34 C.F.R. §§ 668.24 and 668.161-668.167

Regulation: 34 C.F.R. § 86.100

Regulations: 34 C.F.R. §§ 668.41 and 668.42 and 668.43
Resources by Top 10 Findings

NSLDS Reporting – Inaccurate/Untimely Reporting

- Regulations: 34 C.F.R. § 685.309(b)
- Dear Colleague Letter: GEN-12-06
- NSLDSFAP website - newsletter updates
  - https://www.nsldsfaap.ed.gov/nslsds_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

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

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

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

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

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)
Questions?

Contact me with follow-up questions about this session
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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/KimberlyWells
  - Evaluation form is specific to Kim Wells
- Additional feedback about training can be directed to joann.borel@ed.gov

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Reach FSA
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