



TOP 10 COMPLIANCE FINDINGS

PRESENTED BY:
JULIE HAACK - ST. AMBROSE UNIVERSITY

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Audit vs. Program Review

A school Compliance Audit is an annual review assessing institutional compliance with Title IV program requirements. This could be done by a private firm or federal auditors. Conducted in accordance with audit guides. Basic requirement of participation in Title IV.

A Program Review is an audit by FSA's Institutional Review Specialists who assess institutional compliance with Title IV. These may have a focused scope and are not synonymous with compliance audits. Additional information about the process is in FSA's Program Review Guide.



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Top 10 School Deficiencies

On an annual basis the Department compiles a listing of the most frequent issues of non-compliance of a program review of the Title IV program regulatory requirements to administer the Title IV programs.

These 10 findings make up 47.9% of the 730 listed deficiencies



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#1 Student Status - Inaccurate/Late Reporting

- Inaccurate reporting of student enrollment status and effective dates
- Failure to report last date of attendance/changes in enrolled status
- Inaccurate reporting of program-level data
- Late reporting of specific student information
- Late submission fo NSLDS Roster file



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#2 Loan Discharge

- Findings in this area are typically related to closed school loan discharges and occasionally to false certification discharges. If a finding in this area is included in the program review report, the Department may require the school to repay the cost of loan discharges.



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#3 R2T4 Calculation Errors

- Incorrect number of days or clock-hours used in term/payment period;
- Incorrect withdrawal date;
- Incorrect aid used as "could have been disbursed";
- Incorrect Post-Withdrawal Disbursement;
- Mathematical and rounding errors; and
- Incomplete R2T4 policy.



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#4 Student Credit Balance Deficiencies

- Lack of internal controls to manage the credit balance process;
- Credit balances not released to students within 14 days;
- Credit balances not released by the end of a loan period of award year;
- Unclaimed credit balances not returned to the Department timely; and
- Inadequate Title IV credit balance authorization.



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#5 Verification Violations

- Inaccurate verification of selected applicants;
- Verification documentation missing/incomplete;
- Interim disbursement rules not followed;
- Missing verification policies.



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#6 Entrance/Exit Counseling Deficiencies

- Entrance or exit counseling not conducted with students;
- The school failed to maintain documentation of the counseling provided to students;
- Exit counseling materials not mailed to students who failed to complete counseling; and
- Exit counseling completed late.



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#7 Inaccurate Recordkeeping

- Late or unmade submission of disbursement records to COD;
- Disbursement amounts and dates on student ledger do not match records reported to COD;
- Inaccurate and incomplete Student Account Statements/ledgers (e.g., student not charged for courses, multiple transactions for single-term course charges, Title IV disbursements missing from ledger, ledgers just list all charges, no running balances);
- Inaccurate/missing Federal Work-Study Program timesheets;
- Failure to comply with Zone Alternative Requirements, including Heightened Cash Monitoring requirements which require school's to disburse Title IV funds first and issue credit balances to student before requesting funds from the Department;



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#7 Inaccurate Recordkeeping cont'd

- Failure to reconcile Title IV accounts monthly;
- Failure to properly identify Title IV bank accounts;
- Inadequate Fiscal Audit Trail - transactions on general ledger accounts could not be traced to a subsidiary accounts;
- Excess Cash (drawing down more Title IV funds than needed to disburse to students);
- Inaccurate audit trail of Return of Funds (date on ledger is earlier than date funds returned to Department through GS); and
- Information reported on the Fiscal Operations Report and Application to Participate (FISAP) does not match school financial records



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#8 SAP Policy Not Adequately Developed/Monitored

- Inadequate SAP policy – one or more required elements is missing
 - Qualitative component: "C" grade or equivalent by end of 2nd year;
 - Consequences of not meeting SAP and conditions for regaining eligibility;
 - Qualitative, pace of completion, maximum timeframe, reestablishing aid eligibility; or
 - Treatment of incompletes, withdrawals, repetitions, or transfer credits from other institutions



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#8 SAP Policy Not Adequately Developed/Monitored – cont'd

- Failure to Apply SAP Policy – This type of SAP finding may result from a school's failure to consistently apply their existing policy or a failure to apply the policy altogether.
- Incorrect SAP Assessments – This finding may result when a school fails to perform SAP assessments in alignment with the end of Title IV payment periods (for example, students placed on SAP warning at monthly checkpoints instead of at end of PP; SAP checked every term for a nonterm program). Other omissions may include a school's failure to include courses dropped by a student (after any "drop/add" period ends) as attempted credits.
- Insufficient or Missing Documentation to Support SAP – Such findings may result when a school fails to document that it completed an SAP assessment



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#9 Lack of Administrative Capability

- Designate a capable individual/inadequate number of persons responsible for administering the Title IV programs;
- Communicate to the individual responsible for administering the Title IV programs, all information received by any institutional official that bears on a student's eligibility;
- Develop written procedures regarding the administration of the Title IV programs;
- Establish a system of internal controls that includes adequate checks and balances;
- Divide the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions with respect to any particular student;
- Establish and maintain required records;



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#9 Lack of Administrative Capability –cont'd

- Establish, publish, and apply reasonable standards for measuring whether a student is maintaining satisfactory academic progress;
- Develop and apply an adequate system to identify and resolve discrepancies in the information received with respect to a student's application for financial aid under the Title IV programs;
- Provide adequate financial aid counseling to eligible students;
- Provide all program and fiscal reports and financial statements required for compliance; and
- Develop and follow procedures to evaluate the validity of a student's high school completion.



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#10 Ineligible Student - High School Student

• To be considered capable of administering a Title IV, HEA program, a school must develop and follow procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education.



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Questions or Comments?



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