Are You Ready? Preparing for Audits (State and Federal)

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Midlands Technical College
State and Program Reviews

- Method of oversight
- Evaluates compliance with
  - State Scholarship Programs
  - Title IV, HEA statute and regulations
- Examination of financial aid, fiscal, and academic records
- Interviews with institutional staff and students
- Review of consumer information requirements *(Federal)*
- Identifies errors in compliance and liabilities owed
- Tool to improve future institutional capabilities
Who Conducts Program Reviews?

- Federal Review

  - 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.
Who Conducts State Scholarship Reviews?

State Review

- SC Commission on Higher Education
- Fiscal Affairs Division
- Scholarship Compliance Auditor Team

SC Technical College Systems Office Audits the Lottery Programs for 2yr. Technical colleges
How are Institutions Selected? (Federal)

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 the Department determines may pose significant risk of failure to comply with administrative capability or financial responsibility requirements
Preparation for State and Program Review

- Receiving Notification of Program Review
- Advance Notice Review
- Short Notice Review
- Third-Party Servicer Notification
- Responding to Announcement Letter
Announcement
Letter

Date
Name of President/CFO/Owner
Title
Name of Institution
Address of Institution
City, State, ZIP

Certified Mail
Return Receipt Requested

Dear Name of President/CFO/Owner,

This letter confirms that your (on-site or off-site) Program Review has been scheduled to begin on Month Day, Year at Institution Name. You were notified via telephone of this review by Jane Doe on Month Day, Year. This review will be performed by Jane Doe and John Doe.

This review will assess Institution Name’s administration of the Title IV, HEA programs in which it participates. The review will evaluate the university’s pre-award review sound, but may be expanded if appropriate. The Department of Education (Department) contains the administration of the Title IV, HEA programs to be an institution-wide effort. Consequently, the review will include all offices involved in the financial aid administration.

- Financial aid office
- Registrar’s office
- Academic office
- Admissions office
- Fiscal/Financial office

The review will also assess the institution’s administration of the Federal Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) (included in Section 482) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C., 995(f)(2) and the Department’s implementing regulations at 34 CFR parts 600-666. The College’s compliance with the requirements of the Drug-Free Schools and Communities Act and Part 686 of the Department’s General Administrative Regulations will also be examined during the program review.

At the start of the review, we will conduct an entrance conference with you and your staff to discuss the review process. Please inform the personnel responsible for the above areas, and any others you deem appropriate, so they or their designees can attend the entrance conference and remain available during the review.

Program Review Guide 2017

In preparation for the review, please provide the following information to us prior to the review and no later than Month Day, Year.

- Catalog/brochure of institution
- Policy and procedures concerning o Admissions, instruction, and academic programs
  o Satisfactory academic progress
  o Attendance
  o Withdrawals, official and unofficial
  o Return of Title IV funds
  o Verification
  o Awarding of Title IV, HEA programs aid
  o Statements regarding the institution’s educational programs, its financial charges, or the equitability of its graduates
- A description of the salary structure and compensation packages offered to personnel engaged in admissions, or in supervising the admissions process and any institutional staff that makes decisions about the award of Title IV funds must be provided. This includes any business incentive payments, or profit sharing arrangements.
  o Copies of employment contracts for each administrative position.
- Guidelines, policies and procedures used to evaluate admissions/registration staff and to support adjustments to salary or any other form of compensation. (In the absence of documented guidelines the school must provide a written narrative.)
- A list of third-party service providers or other contractors involved in marketing, recruitment, and admissions (if applicable), and the services they provide, including terms of contracts.
- Copies of the two most recent Annual Security Reports published by the institution.
- Copies of the two most recent Annual Security and Fire Safety reports published by the institution (if required).
- Evidence of distribution of the two most recent Annual Security and Fire Safety reports.
- A copy of the institution’s Drug and Alcohol Prevention Program disclosures and evidence of distribution to all students and employees.
- Copies of the two most recent Drug and Alcohol Prevention Program Student Review Documents published by the institution.
- Informational and institutional aid (making consumers publications)
- USEA’s for all financial aid consumer information
- Examples of institutional forms, applications and workbooks that are used in administering the Title IV, HEA programs
- Total current enrollment and percentage receiving Title IV, HEA programs aid
- If the institution offers programs via distance education, include the following:
  o A list of all programs that are offered via physical campus locations.
  o A list of all programs that includes courses that are offered via distance education, regardless of the percentage (e.g., online).
- Please provide whatever materials that explain the faculty role in regards to interaction with students in distance education courses (e.g., faculty contracts, handbooks, job description, policy, training materials).
- Any instructions or materials provided to students for participation in online courses (including Web sites).
- If the institution offers correspondence courses, include the following:
  o The percentage of correspondence courses offered in the latest complete award year.
  o A list of all courses that were offered via correspondence in the latest complete award year, identifying those courses that are eligible for Title IV

Please use the enclosure, Online Location of Consumer Information/Documents, to record the URL of the terms listed above and any documents available only in hardcopy form. Please e-mail the completed form to Jane Doe ed@gov within 3 days of receipt of this letter and mail a copy of any materials available only in hardcopy.

The institution must also provide a photocopy, or electronic copy, of the original complete student file for at least one student on the Recipient Data Spreadsheet (see below).

Do not send original materials, except for catalogs, brochures, pamphlets, handbooks, etc. The requested documents listed above should be copies.

Please direct this information to

ATTN: Jane Doe
(Mailing/Physical address, phone number)

In addition, the institution must provide the data elements indicated in the attached Recipient Data Spreadsheet. The institution may choose to complete the provided file, or generate its own electronic file in the same format as the file provided. Return the file to Jane Doe by e-mail at Jane.Doe@ed.gov no later than Month Day, Year. Please see the enclosure Protection of Personally Identifiable Information (PII) for instructions regarding submission of required data/documents containing PII.

Regulatory authority to examine program and fiscal records and conduct reviews may be found at 34 CFR 668.24.

In addition to the information we have requested prior to the review, we also request that other specific records and documents be assembled in advance of the site visit examination by the review team at the start of the review on Month Day, Year. These records and documents are entitled on the enclosure. Please be certain that all records, hard copy and electronic, are available on site at the time, and for the duration, of the review. If the institution has contracted with one or more third-party service providers, such as consultants and data processors, to perform any functions related to the Title IV, HEA programs. Institution Name must notify each servicer of the program review so that all of the records are available for examination at the institution no later than the start of the program review.

The reviewers may request additional documents and records while on-site as necessary.

Please make arrangements for the review team to have access (view only and print capability) to any computer databases containing information related to Title IV, HEA program eligibility or disbursements (e.g., computerized student account records).

Institution Name must provide access to its administrative staff and students. We also request that the institution provide a secure working space for the review team to ensure the confidentiality of the institutional records being reviewed. We will also need access to a photocopy machine.

At the conclusion of the review, the review team may conduct an exit conference with you and/or your designee(s). The institution will receive an official written report at a later date.

If you have any questions, please call Jane Doe at (030) XXX-XXXX. Thank you for your cooperation.
Sample State Scholarship Review Letter

South Carolina Commission on Higher Education

For: Award-Eto Procedures Enactment or State Sponsered Scholarship Programs

Dear President/Dean,

This letter is to confirm our verification of the January 27, 2018 at which time you are to be notified of the Scholarship Review Committee's recommendation for the 2018-2019 academic year.

The Scholarship Review Committee is made up of experts who are highly qualified in their respective fields.

As a reminder, the Scholarship Review Committee is responsible for the review of all scholarship applications submitted by students.

This letter will also include a review of the scholarship criteria and requirements, as well as any additional information that may be relevant.

The Scholarship Review Committee will evaluate each scholarship application based on the following criteria:

1. Academic Excellence
2. Financial Need
3. Community Involvement

The Scholarship Review Committee will make their final decision on the distribution of scholarships based on the information provided in this letter.

Please review the information provided and contact me if you have any questions or concerns.

Sincerely,

Scholarship Compliance Office, Fiscal Affairs

South Carolina Commission on Higher Education
What are your next steps?

- Remember that any audit is a review of the Colleges or Universities Administrative Capabilities
- Notify your President and Vice President
- Schedule a meeting with your Institutional Management Team.
  - Financial Aid Managers
  - Admissions Managers
  - Records
  - Finance
  - Academic Affairs
  - Student Life
  - Campus Security
- Respond to the request by the deadline (contact your lead auditor for additional clarification if needed)
- Secure a meeting location on your campus for the week
Entrance Conference

- On-Site Program Review
  - Introductions
  - Reason for Program Review and Scope
  - Overview of Program Review Process
  - Title IV Processing or State Scholarship Processing and Staff Responsibilities
  - Required Documents and Time Frames
  - Schedule Exit Conference
  - Getting Started

- Off-Site Program Review (Federal)
  - Conference Call
  - Usually Limited Scope
  - Program Review Process
Review of Student Information

Review of Student Critical Elements

- Student Eligibility
- Attendance
- Cost of Attendance
- Credit Balances
- Enrollment Status
- Dependency Overrides/Professional Judgment (Federal)
- Return of Title IV Funds (Federal)
- Satisfactory Academic Progress
- Verification (Federal)
- Calculations/Disbursements
- Entrance and Exit Counseling (Federal)
Review of Student Information

- Records Reviewed in Student Files
  - Admissions
  - Academic
  - Financial Aid
  - Student Account Ledger

- Student Records Compared to Department Data
  - Federal
    - NSLDS
    - COD
    - CPS
  - State Scholarships
    - CHEMIS

- Student and Staff Interviews
Exit Conference

• On-Site Program Review
  • Field Work Substantially Completed
  • Required Actions
  • Outstanding Items
  • Preliminary Findings
  • Next Steps
Top 10 Audit and Program Review Findings
Top Audit Findings

1. NSLDS Roster Reporting – Inaccurate/Untimely Reporting
2. Repeat Finding-Failure to Take Corrective Action
3. Return of Title IV (R2T4) Calculation Errors
4. Return of Title IV (R2T4) Funds Made Late
5. Verification Violations
6. Entrance/Exit Counseling Deficiencies
7. Qualified Auditor’s Opinion Cited in Audit
8. Pell Grants – Overpayment/Underpayment
9. Student Credit Balance Deficiencies
10. G5 Expenditures Untimely/Incorrectly Reported
Top Program Review Findings

1. NSLDS Roster Reporting – Inaccurate/Untimely Reporting
2. Crime Awareness Requirements Not Met
3. Return of Title IV (R2T4) Calculation Errors
4. Verification Violations
5. Drug Abuse Prevention Requirements Not Met
6. Entrance/Exit Counseling Deficiencies
7. Consumer Information Requirements Not Met
8. Student Credit Balance Deficiencies
9. Inaccurate Recordkeeping
10. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored
Findings Listed on Both

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

• Federal Student Hand Book
  • https://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook&awardyear=2018-2019

• SC Commission on Higher Education
  • http://www.che.sc.gov/InstitutionsEducators.aspx#ScholarshipGrantInfo

• Program Review Guide
SCASFAA ~ 2018 Annual Conference
SCASFAA ~ 2018 Annual Conference

Macie