

# Top 10 Compliance Findings

David A. Bartlett, Training Officer  
U.S. Department of Education  
2019 WYASFAA Spring Conference

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# Top 10 Audit and Program Review Findings

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# 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

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### Top Audit Findings

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- Student Credit Balance Deficiencies
- Qualified Auditor's Opinion Cited in Audit
- Pell Grants – Overpayment/Underpayment
- Entrance/Exit Counseling Deficiencies
- G5 Expenditures Untimely/Incorrectly Reported

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### Top Program Review Findings

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- NSLDS Roster Reporting – Inaccurate/Untimely Reporting
- Crime Awareness Requirements Not Met
- Return of Title IV (R2T4) Calculation Errors
- Drug Abuse Prevention Requirements Not Met
- Student Credit Balance Deficiencies
- Consumer Information Requirements Not Met

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### Top Program Review Findings

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- Verification Violations
- Entrance/Exit Counseling Deficiencies
- Inaccurate Recordkeeping
- Satisfactory Academic Progress Policy Not Adequately Developed/Monitored

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### Common Findings Across Both

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

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### 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. § 685.309(b)*

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### 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

*Regulations: 34 C.F.R. §§ 668.16 and 668.174(a)*

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### 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

*Regulation: 34 C.F.R. § 668.22(e) and (f)*

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### R2T4 Funds Made Late

- Returns not made within 45-day allowable time frame
- 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(j) and 668.173(b)*

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### 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)*

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### 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(h) and 668.165(b)*

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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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### 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*

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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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### G5 Expenditures Untimely/Incorrectly Reported

- Failure to submit Federal Pell Grant, Teach Grant, and Direct Loan disbursements to COD within 15 days after making such disbursements
- Date Title IV funds are credited to student's account must match disbursement date reported by school in COD
- Date of disbursement reported in COD for Direct Loans is the date provided to Loan Servicers and is the time when interest begins to accrue on the loan funds

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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*

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### 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

*Regulation: 34 C.F.R. § 86.100*

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### 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. §§ 668.41 and 668.42 and 668.43*

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### 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

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

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### SAP Policy Not Adequately Developed/Monitored

- One or more missing required components of the 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

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

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### 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 email: [CaseTeams@ed.gov](mailto: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

Chris Curry - New York (646) 428-3738

Jeremy Early - Washington, DC (202) 377-3620

Troy New - Boston (617) 284-5145

#### Philadelphia School Participation Division

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

Nancy Gifford, Director (215) 656-4436

Sherrill Bell - Washington, DC (202) 377-3349

Steven Marcaccio - Philadelphia (215) 656-5554

#### Multi-Regional and Foreign Schools Participation Division

Michael Frois, Director - Washington, DC (202) 377-3364

Michelle Alford - Dallas (214) 661-6466

Julie Arthur - Seattle (206) 615-2322

Mark Buschulte - Washington, DC (202) 377-4572

Joseph Smith - Washington, DC (202) 377-4221

#### Atlanta School Participation Division

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

Christopher Miller, Director (646) 914-6287

Vanessa Dilard - Atlanta (404) 914-8418

Vinik Simpson - Atlanta (404) 914-8260

#### Dallas School Participation Division

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Cynthia Thornton, Director (214) 661-8457

Josue May - Dallas (214) 661-8452

Kim Peeler - Dallas (214) 661-8471

#### Kansas City School Participation Division

Iowa, Kansas, Kentucky, Missouri, Nebraska, Tennessee

Vacant, Director, Kansas City

Angie Starn - Kansas City (816) 268-6334

Jan Brandow - Kansas City (816) 268-6409

Dvak Corwin - Kansas City (816) 268-6420

#### Chicago/Denver School Participation Division

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

Douglas Parrott, Director (312) 735-1532

Brenda Yette - Chicago (312) 735-1522

#### San Francisco/Seattle School Participation Division

Alaska, Arizona, California, Guam, Hawaii, Nevada, Puerto Rico, Maryland, North Carolina, District of Columbia, Alaska, Idaho, Oregon, Washington

Martina Fernandez-Rosario, Director (415) 486-5803

Erik Foster - San Francisco (415) 486-5806

Guyle Padilla - San Francisco (415) 486-5814

or Seattle (206) 615-3889

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

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### QUESTIONS?



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## Resources by Top 10 Findings

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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/nslsds\\_FAP/default.jsp](https://www.nslsdfap.ed.gov/nslsds_FAP/default.jsp)
    - "News & Events" along top of home page
- **Repeat Finding (Audit)**
  - Regulations: 34 C.F.R. §§ 668.16 and 668.174(a)

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## Resources by Top 10 Findings

- **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 Assessments: Schools - R2T4
  - R2T4 Worksheets
    - Electronic Web Application (<https://faaaccess.ed.gov>)
    - Paper (*FSA Handbook*, Volume 5, Chapter 1)
- **Verification Violations**
  - Regulations: 34 C.F.R. §§ 668.51 – 668.61 (Subpart E) and 668.16(f)
  - FSA Assessments: Students - Verification
  - *FSA Handbook*, Application & Verification Guide, Chapters 4 and 5

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### Resources by Top 10 Findings

- **Entrance/Exit Counseling Deficiencies**

- Regulation: 34 C.F.R. § 685.304
- FSA Coach, Lesson B-403: Awarding Direct Loans and Lesson B-603: Exit Loan Counseling
- *FSA Handbook*, Volume 2, Chapter 6

- **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 and 6; Appendix A

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### Resources by Top 10 Findings

- **Pell Grants Overpayment/Underpayment**

- Regulations: 34 C.F.R. §§ 690.62, 690.63, 690.75, 690.79 & 690.80
- *FSA Handbook*, Volume 4, Chapter 3

- **Student Credit Balance Deficiencies**

- Regulations: 34 C.F.R. §§ 668.164(h) and 668.165(b)
- *FSA Handbook*, Volume 4, Chapter 2

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### Resources by Top 10 Findings

- **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, Lesson B-505: Reporting Requirements

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### Resources by Top 10 Findings

- **Crime Awareness Requirements Not Met *and* Consumer Information Requirements Not Met *and* Drug Abuse Prevention Program Requirements**

- 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, Chapters 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>

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### Resources by Top 10 Findings

- **Information in Student Files Missing/Inconsistent**

- Regulations: 34 C.F.R. §§ 668.16(f) and 668.24(a),(c)

- **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)

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### Top 10 Resources for Compliance Solutions

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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

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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

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Top 10 Resources

- Federal Student Aid (FSA) Handbook
  - 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

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### Top 10 Resources

- FSA 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)

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### Top 10 Resources

- Code of Federal Regulations
  - 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)

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### Top 10 Resources

- Campus Security
  - <https://www2.ed.gov/admins/lead/safety/campus.html>
  - <https://fsatraining.info/totara/coursecatalog/programs.php>
- Entrance/Exit Counseling
  - <https://studentloans.gov>
- Return of Title IV (R2T4) on the Web
  - <https://faaaccess.ed.gov>
- School Data on StudentAid.gov
  - <https://studentaid.ed.gov/about/data-center/school>
- Direct Loan School Guide (2008-09)
  - <http://www.ifap.ed.gov/dlsguides/2008DLSchGuide.html>

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Contact us with follow-up questions about this session:

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