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Administrative Capability

34 CFR 668.16

An institution must demonstrate to the Department that it is administratively capable to participate in the *Title IV* programs.

- Foundation of compliance with all applicable laws and regulations
- Program Participation Agreement
- Institution-wide responsibility

Top 10 *Audit* Findings - *by occurrences*: FY2020

1. Repeat Findings/Failure to Correct
2. NSLDS Enrollment Report (Student Status) – inaccurate/untimely reporting
3. Return of Title IV (R2T4) Calculation Errors
4. Return of Title IV (R2T4) Made Late
5. Verification Violations
6. Student Credit Balance Deficiencies
7. Qualified Auditor's Opinion Cited in Audit
8. Pell - Overpayment/Underpayment
9. G5 Expenditures - Untimely/Incorrectly Reported
10. Entrance/Exit Counseling Deficiencies

Top 10 *Audit* Findings - *by occurrences*: FY2019

- 1. NSLDS Enrollment Report– inaccurate/untimely reporting (#2)**
- 2. Repeat Findings/Failure to Correct (#1)**
3. Return of Title IV (R2T4) Calculation Errors
4. Return of Title IV (R2T4) Made Late
5. Verification Violations
- 6. Qualified Auditor's Opinion Cited in Audit (#7)**
- 7. Student Credit Balance Deficiencies (#6)**
- 8. Entrance/Exit Counseling Deficiencies (#10)**
9. G5 Expenditures - Untimely/Incorrectly Reported
- 10. Pell - Overpayment/Underpayment (#10)**

Top 10 *Audit* Findings - *by occurrences*: FY2018

1. NSLDS Enrollment Report– inaccurate/untimely reporting
2. Repeat Findings/Failure to Correct
3. Return of Title IV (R2T4) Calculation Errors
4. Return of Title IV (R2T4) Made Late
5. Verification Violations
6. Qualified Auditor's Opinion
7. Student Credit Balance Deficiencies
8. Entrance/Exit Counseling Deficiencies
9. Pell - Overpayment/Underpayment
10. G5 Expenditures - Untimely/Incorrectly Reported

#1 - Repeat Finding – Failure To Take Corrective Action

- Did not implement Corrective Action Plan (CAP)
- Ineffective CAP used from previous year(s)
- CAP did not resolve the noncompliance issue
- Inadequate Internal controls not sufficient to ensure compliance with FSA guidelines

1. Carefully Review and Assess Findings
2. Determine How the error or finding occurred – What is the root cause of the problem?
3. Assess Internal Processes
4. Determine if findings are isolated occurrences or systemic problem
5. Develop an Internal Assessment Team to Review CAPs – Compliance Committee
6. Create new policies and procedure

#2 - 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 (full time, half time) graduated, withdrawn, not record found)**
- Failure to report accurate enrollment types and effective dates

1. Establish Electronic Enrollment Reporting Schedule
2. Implement Internal Process to Track and Monitor Enrollment Status Changes
3. Registrar's Office Request a **SCHER4** file from NSLDS and Reconcile with the Clearinghouse
4. Financial Aid Office notifies the Registrar's Office of Name, SSN, or DOB variances in ERP system

#3 - R2T4 Calculation Errors

- Incorrect number of days/clock hours
- Miscalculated scheduled days for breaks
- Ineligible funds as aid that 'could have been disbursed'
- Improper treatment of overpayments
- Incorrect withdrawal date
- Mathematical and/or rounding errors



1. Verify Manual Calculations
2. Use FAA Access for R2T4 Calculations
3. Utilize ERP Withdrawal Calculation Process)

Federal Student Aid | FAFSA.gov
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Home Help FAQs

FAA Access to CPS Online - Return of Title IV Funds on the Web

Welcome to Return of Title IV Funds on the Web (R2T4)

Return of Title IV Funds (R2T4) is a non-year specific product that processes, calculates, manages and stores students' return of Title IV aid calculation records. Use the links on the left Navigation Bar to set up your school screens, student records and to access reports. The links below explain the R2T4 process and functionality.

Before You Start	Using R2T4	Follow Up
Overview <ul style="list-style-type: none">What is R2T4? Gather the following: <ul style="list-style-type: none">Student's Withdrawal InformationStudent's Title IV Aid InformationStudent's Program InformationStudent's Account InformationSchool Information	Setup the School screens: <ul style="list-style-type: none">Institutional ChargesSchool CalendarUser-Specified Fields Student records: <ul style="list-style-type: none">Create a new studentFind an existing student	Overpayment Notification and Tracking reports: <ul style="list-style-type: none">Student NotificationSchool Portion of R2T4 to be ReturnedStudent Repayment Arrangement(s) - CompletedStudent Repayment Arrangement(s) - Not CompletedNotification Tracking StatusStudents With a Post-Withdrawal DisbursementStudent ListingStudent Records Referred to the Department of Education

#4 - Return of Title IV Funds Made Late

- Failed to return Funds within 45-days (over six weeks)
 - School's **policy** and **procedures** not followed
 - Unable to identify and track official and unofficial withdrawals
 - Do not Know the number of days remaining to reach 45 days

1. Display deadline date on withdrawal report
2. Review and disseminate R2T4 policy Campus Wide
3. Establish an Online Withdrawal Process Campus Wide
4. Execute R2T4s Weekly
5. Update COD for Official/Unofficial Withdrawals if funds were not returned due to Coronavirus

"Coronavirus Indicator"	
Update Disbursement Information	
North Carolina Central University	
PELL	
19-20	
Disbursement 4	
The fields marked with an asterisk (*) are required.	
Common Record Information	
Batch ID	2020-10-26T12:58:58.0317
Attending Entity ID	17664083
Disbursement Information	
Name	
SSN	
Award Amount Approved	\$6,195.00
Scheduled Award Amount	\$6,195.00
Disbursement Number	4
Sequence Number	66
*Disbursement Date	January 24 2020
*Accepted Amount	\$1,549.00
Payment Start Date	
Coronavirus Indicator	<input type="checkbox"/>
Disbursement Release Indicator	True
School Enrollment Code	00295000
Special Programs	Not Applicable
*Published Program Length	4

#5 - Verification Violations

- Missing verification forms, tax returns or transcripts
- Unsigned Verification documents
- **Conflicting data not resolved**
- **Untaxed income not verified**
- Interim disbursement rules not followed



1. Encourage Students to utilize the IRS Data Retrieval Tool
2. Final Verification Review conducted by Supervisor (NCCU process)
3. Electronically store documents (BDM) or utilize an online portal for uploading documents (NextGen)
4. Review interim disbursements – are they helpful or harmful?

#6 - Student Credit Balance Deficiencies

- Credit balance not paid to students within 14 days
- No process to validate when a credit balance has been created
- Unacceptable authorization to hold Title IV credit balances
- Credit balances not released

1. Develop Policies and Procedures and Controls to Identify and Release Credit Balances
2. Calculate the Refund Due Date
3. Provide Training for Student Accounts Representatives
4. Grant Access to Plus Data to process Refunds Timely (Utilize Internal Data)
5. Address the Concern with the Appropriate Parties as a Title IV Violation that could result in the lost of federal funds of \$100 Million

#7 - Qualified Auditor's Opinion Cited in Audit

- Anything other than an unqualified opinion
- Major deficiencies with compliance audit and financial statements such as:
 - R2T4 violations
 - Inadequate accounting systems and/or procedures
 - Lack of internal controls (Checks and Balances)

1. Assess and strengthen Internal Controls for the institution
2. Hire and Train Adequate and Qualified Staff – the “Great Resignation”
3. Review Audit Findings and Develop a Comprehensive Corrective Action Plan
4. Establish a Compliance Committee to Review CAP
5. Request New ERP System or Obtain System Training
6. Invest in Staff Training and Development (NCASFAA, SASFAA, NASFAA, FSA Conference)

#8 - Pell Grant Overpayment/Underpayment

- Used Incorrect Pell Grant formula
- Incorrect Pell calculations
 - Wrong EFC (SAR Change)
 - Number of weeks/hours
 - Incorrect payment periods
 - Academic year definition
 - Miscalculated transfer student Pell amount
- Incorrect Pell recalculation (enrollment status change)
 - Student must attend class at least one day for all credit hours in a term-based program for which Pell is Paid

P & P
Freeze Pell on Census
Date or Recalculate
Pell for Enrollment
Changes

1. Electronically Process Pell – allow the system to calculate the Pell Amount
2. Review and Verify Eligibility for Less than Full-Time Students

#9 - G5 Expenditures – Untimely/Incorrectly Reported

- COD G5 (grants Office) school records not reconciled/reconciled late
- Disbursements not sent to COD
- Exported Disbursements to COD late (
 - Actual Disbursements in Student Accounting are the same date reported to COD



1. **Export and Import Disbursements Daily/Weekly**
2. **Conduct Monthly Reconciliation for Pell, FWSP, and Loans**
3. **Key Stakeholders: Contracts and Grants/Sponsored Research, Student Accounting & Financial Aid**
4. **Financial Aid Coordinate Late Disbursements (Summer Loan Processed 10/20/2020 for 19-20)**

#10 - 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 sent to students who failed to complete counseling
- Exit counseling completed late

1. Electronically populate entrances and exits utilizing studentloans.gov -- Import and export data
2. Establish Paperless Process
3. Exit – email exit counseling material to a non-institutional email address for graduates within 30 days. Place a comment on the system.

Top 10 *Program Review* Findings – *by occurrences*: FY2020

1. NSLDS Enrollment Report– inaccurate/untimely reporting
2. Return of Title IV (R2T4) Calculation Errors
3. Student Credit Balance Deficiencies
4. Entrance/Exit Counseling Deficiencies
5. Verification Violations
6. Crime Awareness Requirements not met
7. Inaccurate Recordkeeping - Account Records Inadequate/Not Reconciled
- 8. Bank Accounts – Federal Funds Not Identified**
9. Consumer Information Requirements Not Met
10. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored



Top 10 *Program Review* Findings – *by occurrences*: FY2019

1. NSLDS Enrollment Report (Student Status) – inaccurate/untimely reporting
2. Return of Title IV (R2T4) Calculation Errors
- 3. Entrance/Exit Counseling Deficiencies (#4)**
- 4. Verification Violations (#5)**
- 5. Consumer Information Requirements Not Met (#9)**
- 6. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored (#10)**
- 7. Student Credit Balance Deficiencies (#3)**
- ~~8. Lack of Administrative Capability~~
- 9. Account Records Inadequate/Not Reconciled (#7)**
- 10. Crime Awareness Requirements not met (#6)**

Findings on Both Lists

Audit and Program Review Findings:

- NSLDS enrollment reporting (Student Status) – Inaccurate/Untimely Reporting
- R2T4 calculation errors
- Verification violations
- Student credit balance deficiencies
- Entrance/Exit counseling deficiencies

Removed:

- Account Records Inadequate/Not Reconciled



Consumer Information Requirements Not Met

Failure to provide general consumer info:

- ✓ Missing Financial assistance
- ✓ Missing Programs, costs, facilities, policies
- ✓ Missing Retention & placement rates

Did not Provide written policies to students:

- Verification
- Satisfactory Academic Progress
- Return to Title IV (R2T4), etc.

1. Visit <https://ifap.ed.gov/fsa-assessments/03-07-2019-consumer-information>
2. Conduct an Annual Review of Notifications to Students
3. Develop a Checklist

Review the [Consumer Information Disclosures at a Glance](#) document that provides a summary of school disclosure requirements.

If you identify areas requiring a corrective action, we recommend that you complete an [Action Plan](#).

Activity Bar:

[Consumer Information Activity 1: Institutional and Financial Assistance Information for Students](#)

[Consumer Information Activity 2: Drug & Alcohol Prevention](#)

[Consumer Information Activity 3: Consumer Information for Student Athletes](#)

[Consumer Information Activity 4: Student Right-to-Know Act](#)

[Consumer Information Activity 5: Clery/Campus Security Act](#)

[Consumer Information Activity 6: FERPA](#)

[Consumer Information Activity 7: Safeguarding Customer Information](#)

[Consumer Information Activity 8: Fire Safety Reports and Student Housing](#)

[Consumer Information Activity 9: Misrepresentation](#)

[Consumer Information Activity 10: Loan Disclosures](#)

Additional Links:

[2018-2019 FSA Handbook, School Eligibility & Operations, Chapter 6](#)

[2018-2019 FSA Handbook, School Eligibility & Operations, Chapter 7](#)

[Campus Security Resources](#)

[Online Training Module, Consumer Information – DCL ANN-14-15](#)

[DCL GEN-14-13 \(Changes to the Clery Act by the Violence Against Women](#)

Satisfactory Academic Progress Policy Not Adequately Developed/Monitored

- Missing required (SAP) components in policy
 - Qualitative, pace of completion, maximum timeframe, re-establishing aid eligibility
- Improper use of financial aid warning, appeals, probation, and academic plans in SAP policy
- Failure to consistently or adequately apply SAP policy
- Paid aid to students not meeting SAP standards
- Insufficient or missing documentation to support SAP

1. Review and Revise SAP Policy to Include all Components
2. Automate SAP Calculation (May Need to Execute More than Once)
3. Conduct periodic random file reviews
4. Electronically File SAP Appeal forms

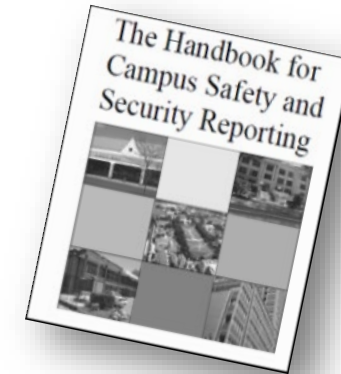
Lack of Administrative Capability

- School is not administratively capable of providing the education and/or unable to properly manage Federal Student Aid Programs
- Multiple, serious deficiencies
- Systemic problems (over a period of time)
- Inadequate internal controls
- Fraud, waste and abuse

- 1. Recommendations are the same as Qualified Auditor's Opinion**
- 2. Assess and strengthen Internal Controls for the institution**
- 3. Hire Adequate and Qualified Staff**
- 4. Review Audit Findings and Develop a Comprehensive Corrective Action Plan**
- 5. Establish a Compliance Committee to Review CAP**
- 6. Request New ERP System or Obtain System Training**
- 7. Invest in Staff Training and Development (NCASFAA, SASFAA, NASFAA, FSA Conference)**

Crime Awareness Requirements Not Met

- Campus security policies and procedures not adequately developed
- Annual report **not published, distributed published late**, and/or **missing key components**
- Failure to track and/or log all required crime categories of crimes for all campus locations



1. Document Campus Safety and Security Report – Annually
2. Automate a Reminder to Campus Safety – Chief of Police

Common Causes of Findings



Potential Problems

- Lack of communication
 - Internally and between different offices
 - Key personnel are unaware of past problems
- Lack of knowledge/training
 - External and internal training
- No functional back-ups; no succession plan
- No written policies and procedures



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.



Resources for Top 10 Findings

Repeat Finding (Audit)

- Regulations: 34 C.F.R. §§ 668.16 and 668.174(a)
- Need to adequately address underlying findings

R2T4 Calculation Errors and R2T4 Made Late

- Regulations: 34 C.F.R. §§ 668.22 and 668.173(b)
- FSA Assessment: Schools – Return to Title IV
- Electronic Web Application (<https://cod.ed.gov>)
- FSA Handbook, Volume 5

Lack of Administrative Capability

- Regulations: 34 C.F.R. § 668.16
- FSA Handbook, Vol. 2 Chapter 3

Resources for Top 10 Findings

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- FSA Handbook, Vol. 2 Chapter 3

Resources for 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.nsldsrap.ed.gov/nslds_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

Resources for Top 10 Findings

Pell Overpayment/Underpayment

- Regulations: 34 C.F.R. §§ 690.62, .63, .75, .79 & .80
- FSA Handbook, Vol. 3, Chapter 3 and Vol. 4, Chapter 3

Qualified Auditor's Opinion Cited in Audit

- Regulation: 34 C.F.R. § 668.171(d)(1)
- FSA Handbook, Volume 2, Chapter 4
- FSA Handbook, Volume 4, Chapters 5 & 6; Appendix A
- Address underlying findings/concerns

Student Credit Balance Deficiencies

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

Resources for Top 10 Findings

Entrance/Exit Counseling Deficiencies

- Regulation: 34 C.F.R. § 685.304
- FSA Handbook, Volume 2, Chapter 6

Inaccurate Recordkeeping

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

G5 Expenditures Untimely/Incorrectly Reported

- Federal Register Volume 78, Number 40 (February 28, 2013)
- Regulation: 34 C.F.R. § 668.164(a)
- FSA Handbook, Volume 4, Chapter 2

Resources for Top 10 Findings

Entrance/Exit Counseling Deficiencies

- Regulation: 34 C.F.R. § 685.304
- FSA Handbook, Volume 2, Chapter 6

Inaccurate Recordkeeping

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

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Platinum Level Supporters



Gold Level Supporters



Silver Level Supporters



Bronze Level Supporters

The logo for ECMC, consisting of the letters "ECMC" in white, serif, uppercase font, centered within a solid green rectangular background.

