Program Review Essentials and Top 10 Compliance Findings

Anita Olivencia
U.S. Department of Education
NCASFAA 2015 Spring Conference
Top 10 Audit and Program Review Findings
Top Audit Findings

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

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

1. Verification Violations
2. Student Credit Balance Deficiencies
3. Entrance/Exit Counseling Deficiencies
3. R2T4 Calculation Errors
4. Crime Awareness Requirements Not Met
4. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored
5. Inaccurate Record Keeping
Top Program Review Findings

6. R2T4 Made Late
7. Consumer Information Requirements Not Met**
8. Information in Student Files Missing/Inconsistent
9. Pell Overpayment/Underpayment
10. Student Status – Inaccurate/Untimely Reporting**
10. Lack of Administrative Capability

**NEW!
Findings on Both Lists

- R2T4 Calculation Errors
- Student Status – Inaccurate/Untimely Reporting
- R2T4 Made Late
- Verification Violations
- Pell Overpayment/Underpayment
- Student Credit Balance Deficiencies
- Entrance/Exit Counseling Deficiencies
Program Review Essentials
What is a Program Review?

- Method of oversight
- Evaluates compliance with Title IV, HEA statute and regulations
  - Examination of financial aid, fiscal and academic records
  - Interviews with institution staff and students
  - Thorough review of consumer information requirements
- Identifies errors in compliance and liabilities owed
- Improves future institutional capabilities
Why are Program Reviews Conducted?

- Secretary of Education mandated by law under Section 498A of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1099c to conduct program reviews at institutions of higher education participating in the Title IV, HEA programs:

(a) GENERAL AUTHORITY. - In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary -

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institution of higher education participating in programs authorized by this title;
Who Conducts Program Reviews?

- 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
How Are Institutions Selected?

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

- Institutional Structure Research
- Systems Research (COD, G5, EZ-audit, FISAP, NSLDS)
- Other Research
- Program Review Plan
  - On-site or Off-site
  - General or Focused
  - Announced or Unannounced
Institution Preparation for Program Review

- Receiving Notification of Program Review
  - Advance Notice Review
  - Short Notice Review

- Third-Party Servicer Notification

- Responding to Announcement Letter – 5 days
  - Preparing the Response
  - Protecting Sensitive Data
  - Materials not submitted by due date
Department Preparation for Program Review

- SPD Reviews Institutional Documents Collected
  - Catalog/Brochure/Handbook
  - Policies and Procedures
  - Published Campus Security Information
  - Student Consumer Publications
  - Online Student Consumer Information
  - Institutional Forms, Applications and Worksheets
Program Review Begins
Entrance Conference

- Introductions
- Reason for Program Review and Scope
- Overview of Program Review Process
- How Title IV is Processed/Staff Responsibilities
- Required Documents and Time Frames to Provide
- Schedule Exit Conference or Status Meeting
- Getting Started/Housekeeping rules
Department Review of Institutional Processes and Data
Review of Institutional Processes and Data

- Review of Institutional Critical Elements
  - Eligible Institution
  - Administrative Capability
  - Program Eligibility
  - Consumer Information
  - Campus Security
  - Financial Responsibility
  - Fiscal Review
  - FISAP
Review of Institutional Processes and Data

- Staff Interviews
  - Academic/Registrar
  - Admissions
  - Financial Aid
  - Student Accounts/Bursar/Fiscal Office
  - Placement
  - Campus Security
  - Outside Sources (Perkins Loan Officer, ATB Test Admin.)
Department Review of Student Level Information
Review of Student Level Information

• Review of Student Critical Elements
  • Student Eligibility
  • Attendance
  • Cost of Attendance
  • Credit Balances
  • Enrollment Status
  • Dependency Overrides/Professional Judgment
  • Return of Title IV
  • Satisfactory Academic Progress
  • Verification
  • Calculations/Disbursements
Review of Student Level Information

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

• Student Records Compared to Department Data
  • NSLDS
  • COD
  • CPS

• Student Interviews
Program Review Concludes
Exit Conference or Status Meeting

- Whether it’s an On-Site or Off-Site Program Review
  - Required Actions
  - Outstanding Items and Submission Timeframes
  - Preliminary Findings
  - Next Steps in the Program Review Process
Referrals

- Administrative Actions and Appeals Service Group
  - For serious non-compliance issues
- Management Improvement Services
  - For training or Improvement Plan
- Office of Inspector General
  - For suspicion of fraud, waste and abuse
- State Authorizing and Accrediting Agencies
  - For other problems found under their oversight
Post-Review Communication and Report
Data Analysis Completed

- Three Possible Outcomes
  - Additional Information Requested
  - Expedited Determination Letter (EDL) Issued
  - Program Review Report (PRR) Issued
Request for Additional Information

- Institution requested to send documentation
- Typically allowed 30 days to provide information
- If information not provided
  - Visit scheduled to review documents on-site
  - or-
  - PRR includes findings that could have been otherwise omitted
  - or-
  - PRR includes Lack of Administrative Capability finding
Program Review Report

• Identifies findings with regulatory citations

• Actions required by institution

• Standard sections
  • Cover page
  • Table of Contents
  • Institutional Information
  • Scope of Review and Disclaimer
  • Findings
  • Recommendations, if applicable
  • Appendices and Enclosures

• Sample template in Program Review Guide
Program Review Report Findings

- **Student-Specific**
  - No potential or actual liability
  - Potential or actual liability
    - Small error rate (may need to correct just student records identified)
    - High error rate (may need to correct all student records in statistical sample or entire population of students with specific characteristics)

- **School Finding**
  - Incomplete or unacceptable policy or procedure
  - Problems related to institutional eligibility, financial responsibility, financial reporting, other actions
    - No potential or actual liability – correct Policy and Procedures
    - Potential or actual liability – need to submit documentation to quantify liability
Program Review Report Response
Institution Responds to PRR

- You are required to respond in writing (protect PII)
- Submit by due date
- Disagree with any PRR conclusions – you may submit documentation in response to PRR

- Must Provide Documents Required in PRR
  - Correct policy or procedure
  - Correct student-specific error
  - File review required
  - Provide information to quantify liability

- Request extension of time for good cause – in writing (email, fax, or letter)
Department Follow Up to Response

- Response not received by due date
  - A Request for Extension to Respond needs to be filed if more than one week behind
  - Less than one week- provide written confirmation of the date the response will be received

- Missing information or need clarification

- Response rejected
  - Problems with documents for several files
  - Typically given another 30 days to correct and respond
Final Determination and Follow UP
Final Program Review Determination Letter (FPRD)

- Department’s final determination for each finding
- Identifies liabilities and provides payment instructions
- Closes Program Review, if appropriate
- State authorizing and accrediting agencies receive copies
- Subject to FOIA

- Two types:
  - No further action required – all findings have been resolved and liabilities paid
  - Further action required – closing will depend on actions needed
FPRD Closeout Letter or Appeal of Monetary Liabilities

- FPRD Closeout Letter
  - Issued after satisfactory response to FPRD
  - Not issued if institution files appeal

- Appeal of Monetary Liabilities
  - Filed within 45 days
  - Collection efforts deferred on appealed liability amount
  - Non-appealed liabilities must be paid
  - Billing resumes if decision in Department’s favor
Contact Information

Anita Olivencia – Training Officer
Phone: 617-289-0130
• E-mail: Anita.Olivencia@ed.gov

Cassandra Weems – IIS Atlanta Region
• Phone: 404-974-9305
• E-mail: Cassandra.Weems@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.

<table>
<thead>
<tr>
<th>New York/Boston School Participation Division</th>
<th>Atlanta School Participation Division</th>
<th>Chicago/Denver School Participation Division</th>
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<tbody>
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<td>Douglas Parrott, Director (312) 730-1532</td>
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<tr>
<td>Tracy Nave – Boston (617) 289-0145</td>
<td>David Smittick – Atlanta (404) 974-9301</td>
<td>Earl Flurkey – Chicago (312) 730-1521</td>
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<tr>
<td>Patrice Fleming – Washington, DC (202) 377-4209</td>
<td>Vanessa Dillard – Atlanta (404) 974-9418</td>
<td>Brenda Yette – Chicago (312) 730-1522</td>
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<tr>
<td>Chris Curry – New York (646) 428-3738</td>
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<td>Philadelphia School Participation Division</td>
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<tr>
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<tr>
<td>John Loreng – Philadelphia (215) 656-6437</td>
<td>Jesus Moya – Dallas (214) 661-9472</td>
<td>(415) 486-5605</td>
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<td>or Seattle (206) 615-3699</td>
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<td>Michael Frola, Director – Washington, DC (202) 377-3364</td>
<td>Iowa, Kansas, Kentucky, Missouri, Nebraska, Tennessee</td>
<td>Dyon Toney – Washington, DC (202) 377-3639</td>
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<tr>
<td>Barbara Hemelt – Washington, DC (202) 377-4201</td>
<td>Ralph LoBosco, Director (816) 268-0440</td>
<td>Erik Fosker – San Francisco (415) 486-5606</td>
</tr>
<tr>
<td>Joseph Smith – Washington, DC (202) 377-4321</td>
<td>Dvak Corwin – Kansas City (816) 268-0420</td>
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Questions?

Contact me with follow-up questions about this session:

Anita Olivencia
Anita.Olivencia@ed.gov; (617) 289-0130
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/AnitaOlivencia
  • Evaluation form is specific to Anita Olivencia

• This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers

• Additional feedback about training can be directed to annmarie.weisman@ed.gov; 215-656-6456
Top 10 Resources for Compliance Solutions
Top 10 Resources

- FSA Assessments
- Consumer Information/Campus Security
- Return of Title IV Funds
- Institutional Eligibility
- Satisfactory Academic Progress
- Verification
- Fiscal Management
Top 10 Resources

- FSA Training
- [http://fsatraining.info/](http://fsatraining.info/)
  - Fundamentals of Federal Student Aid Administration
  - FSA Coach
  - Consumer Information
  - Satisfactory Academic Progress
  - Institutional Eligibility
  - Recorded Webinars
Top 10 Resources

- **Federal Student Aid 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
Top 10 Resources

- Federal Student Aid 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)
Top 10 Resources

- **Code of Federal Regulations**
  - [http://www.ecfr.gov/cgi-bin/text-idx?SID=399ac6bf303186363d2483e05e270c75&tpl=/ecfrbrowse/Title34/34tab_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?SID=399ac6bf303186363d2483e05e270c75&tpl=/ecfrbrowse/Title34/34tab_02.tpl)

- **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)
Top 10 Resources

- Campus Security
  - https://www2.ed.gov/admins/lead/safety/campus.html

- Entrance/Exit Counseling
  - https://studentloans.gov

- Return of Title IV (R2T4) on the Web
  - https://faaaccess.ed.gov
Top 10 Resources

- 2013 Blue Book

- Direct Loan School Guide (2008-09)

- School Data on StudentAid.gov
  - https://studentaid.ed.gov/about/data-center/school
Resources by Top 10 Findings
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

- Student Status – Inaccurate/Untimely Reporting
  - Regulation: 34 C.F.R. § 685.309(b)
  - Dear Colleague Letter: GEN-12-06
  - NSLDSFAP website - newsletter updates
    - https://www.nsldsfap.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
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
Resources by Top 10 Findings

- 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
Resources by Top 10 Findings

➢ 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
Resources by Top 10 Findings

- 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://fsatransinfo (Training by Topics)

- Information in Student Files Missing/Inconsistent
  - Regulations: 34 C.F.R. §§ 668.16(f) and 668.24(a),(c)

- Lack of Administrative Capability
  - Regulation: 34 C.F.R. § 668.16