

Top Ten Compliance Concerns

Top Ten Compliance Concerns

Rick Renshaw
Training Officer
Federal Student Aid
U.S. Department of Education



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Agenda

- Top ten compliance concerns
- Details of common findings and areas of concern

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Top Ten Compliance Concerns

Top Ten Compliance Concerns
FY 2016
(by occurrence)

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Top Ten Compliance Concerns

Top Ten Program Review Findings

- 1. NSLDS Enrollment Reporting inaccurate/untimely
- 2. Crime awareness requirements not met
- 3. Return of Title IV (R2T4) calculation errors
- 4. Verification violations
- 5. Drug Abuse Prevention Program criteria 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 developed/
not monitored



Top Ten Audit Findings

- 1. NSLDS Enrollment Reporting inaccurate/untimely
- 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. Entrance/Exit Counseling deficiencies
- 7. Qualified Auditor's Opinion
- 8. Pell overpayment/underpayment
- 9. Student credit balance deficiencies
- 10. G5 expenditures reported untimely/incorrectly (NEW)



Findings in Common

- NSLDS enrollment reporting inaccurate/untimely
- R2T4 calculation errors
- Verification violations
- Entrance/Exit counseling deficiencies
- Student credit balance deficiencies



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Top Ten Compliance Concerns



*The rankings may change,
but most of the findings
remain the same.*



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Finding Details



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NSLDS Enrollment Reporting

- Enrollment reporting 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



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Repeat Finding / No Corrective Action

- Failure to implement Corrective Action Plan (CAP)
- Ineffective CAP used from previous year(s)
- CAP did not remedy the instances of noncompliance
- Internal controls not sufficient to ensure compliance with FSA guidelines



R2T4 Calculation Errors

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



Return of Title IV Funds Made Late

- Returns not made within 45-day allowable timeframe
- 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



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Top Ten Compliance Concerns

Verification Violations

- Verification documentation missing or incomplete
- Income tax returns/transcripts missing
- Inconsistent data not resolved
- Untaxed income not verified
- Corrections that exceed tolerance not submitted
- Interim disbursement rules not followed



Entrance/Exit Counseling Deficiencies

- Entrance counseling not conducted or documented for first-time borrowers
- Exit counseling not conducted or documented for withdrawn students or graduates
- Exit counseling materials not sent to students who failed to complete counseling
- Exit counseling completed late



Qualified Auditor's Opinion

- Anything other than an unqualified opinion
- Serious deficiencies/areas of concern in the compliance audit or financial statements
 - R2T4 violations
 - Inadequate accounting systems and/or procedures
 - Lack of internal controls



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Top Ten Compliance Concerns

Pell Grant Overpayment/Underpayment

- Incorrect Pell Grant formula
- Inaccurate calculations
 - Incorrect EFC
 - Incorrect number of weeks/hours
 - Incorrect payment periods
 - Incorrect program academic year definition
 - Incorrect transfer student calculation
- Incorrect Pell recalculation (enrollment status change)



Student Credit Balance Deficiencies

- Credit balance not released to student within 14 days
- No process in place to determine when a 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



G5 Expenditure Reporting

- COD/G5/school records not reconciled or reconciled late
- COD disbursements not reported
- COD disbursement records reported untimely
- COD actual disbursement dates do not correspond to disbursement dates recorded in student account
 - Possible exception if school disburses own funds more than 10 days prior to start of payment period or term



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Top Ten Compliance Concerns

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



Drug and Alcohol Abuse Prevention

- 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 and alcohol counseling and treatment programs



Consumer Information

Failure to provide consumer information:

- | | |
|---|------------------------|
| ✓ Financial assistance | ✓ FERPA disclosures |
| ✓ Programs, costs, facilities, policies | ✓ Textbook information |
| ✓ Retention & placement rates | ✓ Private loans |
| | ✓ GE disclosures |

Failure to provide written policies to students for:

- Verification
- Disbursement process
- Credit balance procedures



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Inaccurate Recordkeeping

- Failure to document enrollment status before disbursement
- Failure to determine unofficial withdrawals
- Conflicting Last Dates of Attendance (LDA)
- Inadequate or mismatched attendance records for schools that are required to take attendance
- Failure to maintain consistent disbursement records
- Inaccurate or missing Federal Work-Study timesheets
- Failure to follow policies and procedures



SAP Policy Inadequate or Unmonitored

- Missing required components
- Improper use of financial aid warning, appeals, probation and academic plans in SAP policy
- Failure to consistently or adequately apply SAP policy
- Insufficient or missing documentation to support SAP



Potential Concerns

- Lack of communication
 - Within the office and between different offices
 - All key personnel not aware of past problems
- Lack of knowledge/training
 - External and internal training
- No back-up or succession planning
- *Lack of written policies and procedures*



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Potential Concerns

- *No internal review process*
- Lack of checks and balances
- Lack of resources
 - Equipment, staff, supplies, software
- System problems
 - Outdated software, limited flexibility, manual work-arounds



Dallas Regional Office Contacts

Dallas School Participation Team

- Main Number: 214-661-9490
- Brian Bender (IIS) – 214-661- 9483
- Michael Rhodes (IIS) – 214-661-9484

Email: firstname.lastname@ed.gov



Your Dallas Regional Training Team

- Kevin Campbell, Training Officer
 - 214.661.9488
 - kevin.campbell@ed.gov
- Rick Renshaw, Training Officer
 - 214.661.9506
 - rick.renshaw@ed.gov
- Trevor Summers, Training Officer
 - 214.661.9468
 - trevor.summers@ed.gov



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