

Program Review Essentials and Top 10 Compliance Findings

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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 institutional staff and students
 - Review of consumer information requirements
- Identifies errors in compliance and liabilities owed
- Tool to improve 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 institutions 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 the Department determines may pose significant risk of failure to comply with administrative capability or financial responsibility requirements

Institution Preparation for Program Review

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

Entrance Conference

On-Site Program Review

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

Off-Site Program Review

- Conference Call
- Usually Limited Scope
- Getting Started

Review of Institutional Processes and Data

Review 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

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 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 and Staff Interviews

Exit Conference

On-Site Program Review

- Field Work Substantially Completed
- Required Actions
- Outstanding Items
- Preliminary Findings
- Next Steps

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 otherwise omitted
 - or-
 - PRR includes Lack of Administrative Capability finding

Expedited Determination Letter

EDL issued

- No instances of non-compliance (findings) or only minor (non-systemic) findings identified
- Any findings corrected prior to issuance of EDL
- Any liabilities were paid/collected prior to issuance of EDL

Three standard sections

- Scope of Review and Disclaimer
- Findings, if applicable
- Recommendations, if applicable

Sample template in Program Review Guide

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 and Required Actions
 - 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
 - High error rate – may require file review

School Finding

- Incomplete or unacceptable policies or procedures
- Problems related to institutional eligibility, program eligibility, location eligibility, financial responsibility, financial reporting, other actions
 - No potential or actual liability
 - Potential or actual liability

Institution Responds to PRR

- Written response
- Submitted by due date
- Concern or disagree with any PRR conclusions
- Document Required Actions from PRR
 - Correct policy or procedure
 - Correct student-specific error
 - File review conducted
 - Provide information to quantify liability
- Request extension of time for good cause

Department Follow Up to Response

- Response not received by due date
- Missing information or need clarification
- Response rejected
 - Problems with documents for several files
 - Typically given another 30 days to correct and respond

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
 - Further action required for payment of liabilities
- Sample template in Program Review Guide

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

Top 10 Audit and Program Review Findings

Top Audit Findings

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

Top Audit Findings

6. Pell - Overpayment/Underpayment
7. Student Credit Balance Deficiencies
8. Entrance/Exit Counseling Deficiencies
9. Qualified Auditor's Opinion Cited in Audit
10. G5 Expenditures Untimely/Incorrectly Reported

Top Program Review Findings

1. Verification Violations
2. Return of Title IV (R2T4) Calculation Errors
3. Student Credit Balance Deficiencies
4. Entrance/Exit Counseling Deficiencies
5. Crime Awareness Requirements Not Met
6. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored

Top Program Review Findings

7. NSLDS Roster Reporting –
Inaccurate/Untimely Reporting
 8. Inaccurate Record Keeping
 9. Drug Abuse Prevention Program ****NEW!**
Requirements Not Met
 10. Consumer Information Requirements
Not Met
 10. Return of Title IV (R2T4) Made Late
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Findings on Both Lists

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

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)

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)

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)

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

Regulations: 34 C.F.R. § § 668.22(j) and 668.173(b)

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)*

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*

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(e) and 668.165(b)

Entrance/Exit Counseling Deficiencies

- Entrance counseling not conducted/documentated for first-time borrowers
- Exit counseling not conducted/documentated 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

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)

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

SAP Policy

Not Adequately Developed/Monitored

- One or more missing required components in 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

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

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

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

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 e-mail: 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

Tracy Nave – Boston (617) 289-0145

Patrice Fleming – Washington, DC (202) 377-4209

Chris Curry – New York (646) 428-3738

Philadelphia School Participation Division

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

Nancy Gifford, Director (215) 656-6436

John Loreng – Philadelphia (215) 656-6437

Sherrie Bell – Washington, DC (202) 377-3349

Multi-Regional and Foreign Schools Participation Division

Michael Frola, Director – Washington, DC (202) 377-3364

Barbara Hemelt – Washington, DC (202) 377-4201

Joseph Smith – Washington, DC (202) 377-4321

Mark Busskohl – Washington, DC (202) 377-4572

Atlanta School Participation Division

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

Christopher Miller, Director (404) 974-9297

David Smittick – Atlanta (404) 974-9301

Vanessa Dillard – Atlanta (404) 974-9418

Dallas School Participation Division

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Cynthia Thornton, Director (214) 661-9457

Jesus Moya – Dallas (214) 661-9472

Kim Peeler – Dallas (214) 661-9471

Kansas City School Participation Division

Iowa, Kansas, Kentucky, Missouri, Nebraska, Tennessee

Ralph LoBosco, Director (816) 268-0440

Dvak Corwin – Kansas City (816) 268-0420

Jan Brandow – Kansas City (816) 268-0409

Clery/Campus Security (Managed under the Administrative Actions and Appeals Service Group)

Jim Moore – Washington, DC (202) 377-4089

Chicago/Denver School Participation Division

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

Douglas Parrott, Director (312) 730-1532

Earl Flurkey – Chicago (312) 730-1521

Brenda Yette – Chicago (312) 730-1522

Sarah Adams – (312) 730-1514

San Francisco/Seattle School Participation Division

American Samoa, Arizona, California, Guam, Hawaii, Nevada, Palau, Marshall Islands, North Marianas, State of Micronesia, Alaska, Idaho, Oregon, Washington

Martina Fernandez-Rosario, Director (415) 486-5605

Gayle Palumbo – San Francisco (415) 486-5614 or Seattle (206) 615-3699

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

Erik Fosker – San Francisco (415) 486-5606

Contact Information

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QUESTIONS?



Top 10 Resources for Compliance Solutions

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

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

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

- 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>
- 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>

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

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.nslidsfap.ed.gov/nslids_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 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://fsatraining.info> (Training by Topics)

Information in Student Files Missing/Inconsistent

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

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