

Program Review Essentials & Top 10 Compliance Findings



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Program Review Essentials



What is a Program Review

- Method of oversight
- Evaluates compliance with Title IV, *Higher Education Act of 1965 (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 for 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

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
 - Program Review Process

Review of Institutional Processes and Data

- Review of 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 Funds
 - Satisfactory Academic Progress
 - Verification
 - Calculations/Disbursements
 - Entrance and Exit Counseling

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

On-Site Program Review Completed

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

Request For Additional Information

- Institution requested to send documentation
- Short time frame to provide information
- Possible outcomes if information not provided
 - Visit scheduled to review documents on-site
 - PRR includes findings otherwise omitted
 - 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
 - 2017 Guide on IFAP under Publications
 - <https://ifap.ed.gov/ifap/byYear.jsp?type=programrevguide>

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
 - Preliminary Findings and Required Actions
 - Recommendations, if applicable
 - Appendices and Enclosures
- Sample template in Program Review Guide
 - <https://ifap.ed.gov/ifap/byYear.jsp?type=programrevguide>

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
- Concerns or disagreement 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

- Institutional response not received by due date
- Missing information or requires clarification
- Response rejected
 - Problems with documents for several file reviews
 - 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 (Freedom of Information Act)
- Two types:
 - No further action required
 - Further action required for payment of liabilities
- Sample template in Program Review Guide
 - <https://ifap.ed.gov/ifap/byYear.jsp?type=programrevguide>

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 is in the Department's favor

Top 10 Audit and Program Review Findings (FY 2018)




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



Top 10 *Program Review* Findings – *by occurrences*: FY2018

1. NSLDS Enrollment Report– inaccurate/untimely reporting
2. Verification Violations
3. Entrance/Exit Counseling Deficiencies
4. Return of Title IV (R2T4) Calculation Errors
5. Student Credit Balance Deficiencies
6. Crime Awareness Requirements Not Met
7. Consumer Information Requirements Not Met
8. Drug Abuse Prevention Program Criteria Not Met
9. Inaccurate Recordkeeping
10. Lack of Administrative Capability 

Findings on Both Lists

Audit and Review Findings:

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



Audit/Program Review Specific Findings



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
- Failure to report accurate enrollment types and effective dates

Regulation: 34 C.F.R. § 685.309(b)

**#1 Finding for both Audits and Program Reviews for
3rd year in a row!**

Repeat Finding –Failure To Take 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

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

R2T4 Calculation Errors



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

Regulation: 34 C.F.R. § 668.22

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 returns/transcripts missing
- Conflicting data not resolved
- Untaxed income not verified
- Corrections that exceed tolerance not submitted
- Interim disbursement rules not followed



*Regulations: 34 C.F.R. §§ 668.51 - 668.61 (Subpart E)
and 668.16(f)*

Qualified Auditor's Opinion Cited in Audit

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



Regulation: 34 C.F.R. § 668.171(d)(1)

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

Regulations: 34 C.F.R. §§ 668.164(h) 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 sent to students who failed to complete counseling
- Exit counseling completed late

Regulation: 34 C.F.R. § 685.304

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 must start all credit hours in a term-based program for which their Pell was based on



Regulations 34 C.F.R. §§ 690.62, 690.63, 690.75, 690.79 & 690.80

G5 Expenditures – Untimely/Incorrectly Reported

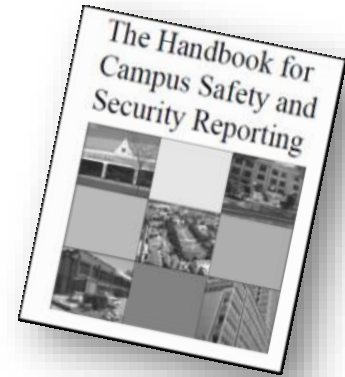
- COD/G5/school records not reconciled/reconciled late
- COD disbursements not reported
- COD disbursement records reported untimely
 - COD actual disbursement dates do not correspond to actual disbursement dates recorded in student account record/ledger
 - Possible exception if disburse own funds more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



Regulation: 34 C.F.R. § 668.164(a)

Crime Awareness Requirements Not Met

- Campus security policies and procedures not adequately developed
- Annual report not published and/or distributed
- Annual report published late
- 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, 668.49

Consumer Information Requirements Not Met

Failure to provide general consumer info:

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

Failure to provide written policies to students:

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

Regulations: 34 C.F.R. §§ 668.41, 668.42 , 668.43

Drug and Alcohol Abuse Prevention Program Requirements Not Met

- Failure to distribute annual written information about drug prevention to students and employees
- Missing written statement about standards of conduct prohibiting unlawful possession, use or distribution
- Missing description of health risks with illicit drug use and alcohol abuse
- Missing statement and description about school disciplinary sanctions
- Missing description of legal sanctions imposed under local/State/Federal law
- Failure to provide description of drug/alcohol counseling/treatment programs
- *No documentation to support biennial review of program to determine effectiveness, implement changes and ensure disciplinary sanctions enforced*

Inaccurate Recordkeeping

- 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/missing Federal Work-Study timesheets
- Failure to follow policies and procedures



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

Lack of Administrative Capability

- Concern school is not administratively capable of providing the education it promises and/or of properly managing the FSA programs
- Multiple, serious deficiencies
- Systemic problems (over a period of time)
- Major policy and procedural concerns
- Lack of adequate internal controls
- Fraud, waste and abuse



Regulations: 34 C.F.R. §§ 668.16

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

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

Tracy Nave – Boston (617) 289-0145

Main number – (646) 428-3750

Philadelphia School Participation Division

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

Nancy Gifford, Director (215) 656-6436

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

Steven Marcucio – Philadelphia (215) 656-5554

Main number – (215) 656-6442

Multi-Regional and Foreign Schools Participation Division

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

Michelle Allred – Dallas (214) 661-9466

Julie Arthur – Seattle (206) 615-2232

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

Main number – (202) 377-3168

Atlanta School Participation Division

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

Christopher Miller, Director (404) 974-9297

Vanessa Dillard – Atlanta (404) 974-9418

Vinita Simpson – Atlanta (404) 974-9260

Main number – (404) 974-9303

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

Main number – (214) 661-9490

Kansas City School Participation Division

Iowa, Kansas, Kentucky, Missouri, Nebraska, Tennessee

Dvak Corwin – Director (816) 268-0420

Angie Beam – Kansas City (816) 268-0534

Jeremy Early – Kansas City (202) 377-3620

Main number – (816) 268-0410

Chicago/Denver School Participation Division

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

Vacant, Director, Chicago

Brenda Yette – Chicago (312) 730-1522

Tammi Sawyer – Chicago (312) 730-1531

Main number – (312) 730-1511

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

Erik Fosker – San Francisco (415) 486-5606

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

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

Main number – (415) 486-5677

*** Deployment*

Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

- All registrants for this session will receive an email with a link to an electronic evaluation that we ask you to complete
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- To register, please go to: <https://cvent.me/XXXX>

Ask A Fed goes online!

FSA has implemented a new resource to assist Financial Aid Administrators obtain guidance about the FSA programs. Based on the popularity and effectiveness of the Ask A Fed desk at the annual FSA Training Conference, we have instituted a similar process using email. Please send your inquiries about Title IV regulations to AskAFed@ed.gov

The Ask A Fed email box is staffed every business day by a team of FSA Training Officers and they are ready to assist schools with their questions.



Questions?



Resources for Top 10 Findings



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

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

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
- FSA Handbook, Appendix F
- 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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