



# **Top 10 Audit Findings & Program Review Findings**

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CREATING CONNECTIONS

# Top Audit Findings

BUILDING BRIDGES

# Top Audit Findings

- Repeat Finding – Failure to Take Corrective Action
- Inaccurate/Untimely Reporting
- Return of Title IV (R2T4) Calculation Errors
- Return of Title IV (R2T4) Made Late
- Verification Violations

# Top Audit Findings

- Pell - Overpayment/Underpayment
- Student Credit Balance Deficiencies
- Entrance/Exit Counseling Deficiencies
- Account Records Inadequate/Not Reconciled
- G5 Expenditures Untimely/Incorrectly Reported



# Top Program Review Findings

# Top Program Review Findings

- Student Status –Inaccurate/Untimely Reporting
- Return to Title IV (R2T4) Calculation Errors
- Entrance/Exit Counseling Deficiencies
- Verification Violations
- Consumer Information Requirements Not Met

# Top Program Review Findings

- Satisfactory Academic Progress Policy Not Adequately Developed/Monitored
- Student Credit Balance Deficiencies
- Lack of Administrative Capability
- Account Records Inadequate/Not Reconciled
- Crime Awareness Requirements Not Met





**Top Compliance Audit and  
Program Review Shared Findings**

# Shared Findings

- Return to Title IV (R2T4) Calculation Errors
- Student Status– Inaccurate/Untimely Reporting
- Verification Violations
- Student Credit Balance Deficiencies
- Account Records Inadequate/Not Reconciled
- 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)*

# Repeat Finding- Failure to Take Corrective Action

**Example:** Repeat findings for Untimely Return of Funds

**Solution:** Develop and implement a CAP and an implementation schedule; develop R2T4 monitoring report; establish internal controls to ensure accurate and timely returns.

# Additional Compliance Solutions

- Review results of CAP
  - Is it working?
  - Are changes needed to improve process?
  - Share CAP with all accountable offices
- Perform quality assurance checks to ensure new policies & procedures are strictly followed
- Accountability – assign staff to monitor the CAP
- Create new policies and procedures
- Ensure all staff are properly trained

# Inaccurate / Untimely Reporting

- Untimely submission of NSLDS® Roster file
- Failure to provide notification of last date of attendance/changes in student enrollment status
- Inaccurate reporting of program-level data
- Untimely reporting of specific student information
- Failure to report accurate enrollment types and effective dates

*Regulation: 34 C.F.R. § 685.309(b)*

# Inaccurate / Untimely Reporting

**Example:** Failure to submit Roster File timely; no policies and procedures for updating and submitting the Roster

**Solution:** Develop policies and procedures for processing and submitting the Roster File; train staff on reporting requirements and procedures

# Additional Compliance Solutions

- Review, update, and verify student enrollment statuses, effective dates of enrollment, and completion dates
- Maintain accurate enrollment records
- Automate enrollment reporting
  - Batch uploads or individual online updates
  - Update frequently
  - Add students to transfer monitoring
- Train staff on reporting requirement and procedures
- Designate responsibility for monitoring the reporting deadlines, updating and submitting the Roster File
- Disbursement dates reported to COD do not match date of actual disbursements to student account



# 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
- Incorrect Post-Withdrawal Disbursement
- Incomplete R2T4 policy
- Mathematical and/or rounding errors

*Regulation: 34 C.F.R. § 668.22*

# R2T4 Calculation Errors

**Example:** Incorrect calculation due to using the wrong number of days for the term/payment period

**Solution:** Work with registrar to receive accurate information regarding enrollment periods, including weekends; be sure to exclude all class breaks of five or more days

# Additional Compliance Solutions

- Review new regulations; revise procedures as needed
- Create scheduled hours and breaks charts for programs
- Verify withdrawal date and date of determination
- Provided correct information to all appropriate parties (ex: Third party servicers, business office)doing the R2T4
- Evaluate R2T4 policies and procedures on a regular basis
- Perform self-assessment by reviewing a random sample of student files
- Train staff on R2T4 calculations

# 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(a)(6), (j) and 668.173(b)(c (d))*

# Return of Title IV Funds Made Late

**Example:** Returns not made within the required timeframe (45 days)

**Solution:** Develop and implement procedures to ensure that R2T4 calculations are completed, and funds returned to the appropriate Title IV program within the regulatory timeframe of 45 days

# Additional Compliance Solutions

- Periodically review processes and procedures to ensure compliance
  - Tracking/monitoring deadlines
  - Ensuring timely communication between offices and/or systems
- Perform monthly self-assessment
- Develop/evaluate official/unofficial withdrawal policies and procedures
- Train all staff involved in student withdrawal process (financial aid, registrar, student accounts/business office)

# Verification Violations

- Verification documentation missing/incomplete
- Inefficient verification policies
- Interim disbursement rules not followed
- Conflicting data not resolved

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

# Verification Violations

**Example:** Conflicting information reported on the verification worksheet and on the Institutional Student Information Record (ISIR), not resolved

**Solution:** Develop and implement procedures for resolving conflicting data, and submitting ISIR corrections following completion of verification



# Additional Compliance Solutions

- Develop appropriate verification procedures to ensure timely submission of all required documents
- Monitor verification process
- Create a verification checklist
- Resolve conflicting information
- Perform monthly file reviews and/or develop quality control review process
- Review *Federal Student Aid Handbook, Application & Verification Guide, Chapter 4*

# 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*

# Pell Grant Overpayment/Underpayment

**Example:** Student changed enrollment status between terms, from full-time to halftime, resulting in an overpayment

**Solution:** Establish internal controls and procedures to verify enrollment status before disbursing aid; adjust aid accordingly; develop procedures for resolving over/underpayments

# Additional Compliance Solutions

- Establish policies and procedures to strengthen awarding process
- Use system to document Pell award
  - Scheduled Award
  - Use correct Pell Grant formula/schedule
  - Use correct enrollment status
  - Transfer credits
  - Prorate when needed
- Assign responsibility for monitoring to ensure Pell Grant disbursements are accurate and timely
- Ensure staff understanding and provide training as needed
- Conduct random file reviews

# 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
- Unclaimed credit balance not returned
- Credit balances not released by end of loan period or award year

*Regulations: 34 C.F.R. §§ 668.164(h) and 668.165(b)*

# Student Credit Balance Deficiencies

**Example:** Credit balances were not paid timely; credit balance authorization incorrect or inadequate

**Solution:** Develop and implement procedures and internal controls so that credit balances can be identified and released timely; correct credit balance authorization; provide training for staff

# Additional Compliance Solutions

- Establish internal controls to track dates associated with credit balances payment
- Periodically review processes and procedures to ensure compliance
  - Tracking/monitoring deadlines
    - Ensuring timely communication between offices and/or systems
- Conduct a self-audit of credit balance disbursements
- Pay held credit balances before end of loan period or award year
- Ensure credit balance authorization is compliant with Title IV requirements

# 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 and 668.24(c)(1)(v)*



# Entrance/Exit Counseling Deficiencies

- **Example:** Exit counseling not completed for unofficial or mid-year withdrawals
- **Solution:** Develop and implement procedures to ensure accurate tracking of withdrawals so that exit counseling is completed for all students as needed; post links to entrance/exit counseling on schools web page

# Additional Compliance Solutions

- Assign responsibility for monitoring the entrance/exit interview process
- Develop procedures for ensuring communication among registrar, business, and financial aid offices
- Make exit counseling requirement for graduation
- Develop system to provide all less-than-half-time and nonattending students exit counseling notification and materials within 30 days
  - Provide materials to students by email or mail
  - Include direct link to or attach Direct Loan Exit Counseling Guide and/or other materials when emailing students.

# Account Records Inadequate/Not Reconciled

- Inaccurate disbursement records
  - Late submission of disbursement records in COD
  - COD records do not match student ledgers
- Inaccurate fiscal records and accounting for funds
  - Failure to reconcile Title IV accounts
  - Failure to identify Title IV bank accounts

*Regulation: 34 C.F.R. § 668.24, 668.161-668.167, 674.19, 675.19, 676.19, 685.300(b)(5), 685.301 {c} and 690.83*

# Account Records Inadequate/Not Reconciled

- **Example:** Cod records do not match student ledgers.
- **Solution:** Train staff on reporting requirements and procedures, including timely reporting; develop periodic reconciliation of disbursement dates and amounts.

# Additional Compliance Solutions

- Develop/enhance disbursement rules policies and procedures
- Submit/adjust COD disbursement records timely
- Follow Heightened Cash Monitoring rules, if required
- Maintain accurate and complete fiscal records
  - Reconcile Title IV accounts monthly
  - Verify “Federal” in each Title IV bank account title
  - Demonstrate clear audit trail from subsidiary to general ledger accounts
  - Use understandable student account statement/ledger system
- Drawdown funds for immediate use only

# G5 Expenditures Untimely/Incorrectly Reported

- Failure to submit disbursement records to COD within 15 days after making or adjusting disbursements
- Disbursement dates on student ledgers do not match disbursement dates in COD
- Disbursement amounts on student ledger do not match disbursement amounts in COD

*Regulations: 34 C.F.R. §§ 668.164, 685.301 {c}, and 690.83*

# G5 Expenditures Untimely/Incorrectly Reported

**Example:** Failure to submit disbursement records to COD within 15 days.

**Solution:** Train staff on reporting requirements and procedures, including timely reporting; develop periodic reconciliation of disbursement dates and amounts.

# Additional Compliance Solutions

- Develop/enhance disbursement rules policies and procedures
- Submit/adjust COD disbursement records timely
- Immediately update COD estimated disbursement dates when aid is posted to student's account
- Perform periodic reconciliation of disbursement dates and amounts



**Thank you!**  
**Any Questions??**



# Contact Information



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