Top 10 Audit and Program Review Findings

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Today’s Focus

- Audit Findings
- Program Review Findings
- Decision Tree Considerations
- Things to Consider
- Is Your School Ready?
Audit Findings

• Overawards
• Return of Title IV (R2T4) funds not made
• Enrollment status not verified before disbursement
Audit Findings

• Improper certification of Stafford loans
• Student credit balance deficiencies
• Ineligible student issues
• Failure to take corrective action
Audit Findings

• Return to Title IV calculation errors
• Pell over/underpayments
• Return of Title IV funds made late
• Verification violations
Program Review Findings

- Verification violations
- Crime awareness requirements not met
- Student credit balance deficiencies
Program Review Findings

- R2T4 calculation errors
- R2T4 funds made late
- Entrance and exit counseling deficiencies
- Account records inadequate/not reconciled
Program Review Findings

- Information in student files missing or inconsistent
- Satisfactory Academic Progress Policy not adequately developed or monitored
- Pell over/underpayments
So What’s on Both Lists?

- Verification violations
- R2T4 funds inadequacies
- R2T4 calculation errors
- Pell Grant over/underpayments issues
- Student credit balance deficiencies
- Satisfactory Academic Progress Policy
Verification Violations

- Worksheet not signed
- Untaxed income not verified
- Conflicting data not resolved
- Required corrections not processed
Verification Violation Examples

- Incomplete verification
- No federal 1040
- Tax return and school aid application information differ
- Incorrect number in household size
Verification Solutions

Federal Verification Guide

School Verification Guidance

Specific policies that address conflicts

Annual training

Cross training of Financial Aid Staff

Outsource Verification process

Outsource Policy and Procedure Manual review
R2T4 Inadequacies

• School unaware of students withdraw
• No system in place
• Lack communication and coordination
• Inadequate internal system
R2T4 Inadequacies Examples

- Withdrawn students
- Student aid files lack R2T4 calculation documentation
- “School” aware of student’s withdrawal but...
- R2T4 Checks to returns processed but not mailed
R2T4 Inadequacies Solutions

Implement student withdrawal alert

Withdrawal checklist

Provide cross training

Return unearned aid

Assign monitoring responsibilities

Outsource R2T4 calculation process

Outsource R2T4 Policy and Procedure review
R2T4 Calculation Errors

- Incorrect charges
  - Payment Period vs. Period of Enrollment
- Scheduled breaks not correctly determined
- Days for the period incorrectly counted
- Incorrect withdrawal date
- Mathematical and rounding errors
R2T4 Calculation Errors
Examples

• School publications
• Information not provided timely to FA Office
• Calculations not preformed appropriately
R2T4 Calculation Errors
Solutions

Create calendar

Provide cross training

Use R2T4 web application

Outsource R2T4 calculation process

Outsource R2T4 Policy and Procedure review
Pell Grant Over/Underpayment

- No adjustments made for enrollment status changes between terms
- Attendance not documented correctly
- Incorrect Pell formula assigned
- Inaccurate proration calculations
- Incorrect EFC used
- Number of weeks/hours incorrectly calculated
Pell Grant Over/Underpayment Examples

• Internal file maintenance and disbursement controls potentially lacking
• New ISIR received but not recognized appropriately
• Student enrollment changes occurred but not shared with Financial Aid Office
Pell Grant Over/Underpayment Solutions

Verify student eligibility

Provide cross training

Assign monitoring responsibilities

Outsource awarding Pell Grant procedures

Outsource Pell Grant Policy and Procedure review
Student Credit Balance Deficiencies

- Federal student aid funds held by without proper student authorization
Student Credit Balance Deficiency Examples

- Funds held in access of 14-days without student authorization
- No process in place to determine a credit balance
- Credit balances not released to students within required 14-day timeframe
- Credit balances held without student authorizations
Student Credit Balance Deficiency Solutions

Electronic monitoring system

Cheat sheet

Understand MINOR prior year charges

Outsource Student Credit Balance review process

Outsource Student Credit Balance Policy and Procedure review
Satisfactory Academic Progress (SAP) Policy

- Missing required components
- Policy less strict for Title IV recipients
- SAP standards inconsistently applied
- Aid disbursed to students who fail to meet the standards
Satisfactory Academic Progress (SAP) Policy Examples

• Failed to include all course work taken
• SAP policy allowed for first 12 credits to be excluded from SAP determination
• Does not review and resolve students with all F’s
# Satisfactory Academic Progress (SAP) Policy Solutions

- Revise SAP policy
- Adopt universal academic and SAP policy
- Confirm computing system rules are correct
- Establish and document internal controls
- Outsource SAP process, procedures, and notifications
- Outsource SAP Policy and Procedure review

**Note:** New regulations published 11-1-10 with an effective date of 7-1-11
Decision Tree Considerations

- What is the single important issue?
- Why is it important to review?
- When should the review occur?
- Where should the responsibility land?
- Who is responsible for the policy review and updating?
Things to Consider

• The Department of Education
  • Controls all Title IV funding sources
  • Is responsible for all Title IV oversight
  • Is increasing their footprint
  • Expects transparency
  • Is monitoring financial activities
Is Your School Ready?

• The Program Participation Agreement the school signed says you have:
  • Up-to-date written Policy and Procedures
  • Adequate and knowledgeable Financial Aid staff
  • Sufficient measures in place to test for potential program weaknesses
Let’s Recap

- Audit Findings
- Program Review Findings
- Decision Tree Considerations
- Things to Consider
- Is Your School Ready?
QUESTIONS
CONTACT INFORMATION

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