Program Review Essentials and Top 10 Compliance Findings

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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 Requirements Not Met
10. Consumer Information Requirements Not Met
10. Return of Title IV (R2T4) Made Late

Tie
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/documented for first-time borrowers
- Exit counseling not conducted/documented 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
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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E-mail: scott.prince@ed.gov
QUESTIONS?
Top 10 Resources for Compliance Solutions
Top 10 Resources

FSA Assessments

- 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/](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)
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.nsldsfap.ed.gov/nslds_FAP/default.jsp](https://www.nsldsfap.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
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](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](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)
Program Review Essentials and Top 10 Compliance Findings

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