# Top Findings in
# Student Financial Aid

WEALTH ADVISORY  |  OUTSOURCING  |  AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Create Opportunities

# Disclaimers

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting, or tax advice or opinion provided by CliftonLarsonAllen LLP to the user. The user also is cautioned that this material may not be applicable to, or suitable for, the user's specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The user should contact his or her CliftonLarsonAllen LLP or other tax professional prior to taking any action based upon this information. CliftonLarsonAllen LLP assumes no obligation to inform the user of any changes in tax laws or other factors that could affect the information contained herein.

# Housekeeping

- If you are experiencing technical difficulties, please dial: **800-422-3623**.

- **Q&A session will be held at the end of the presentation.**
    - Your questions can be submitted via the **Questions Function at any time during the presentation.**

- The **PowerPoint presentation**, as well as the **webinar recording**, will be sent to you within the next 10 business days.

- For future webinar invitations, subscribe at CLAconnect.com/subscribe.

- Please complete our online survey.

# CPE Requirements

- Answer the polling questions

- Remain logged in for at least 50 minutes

- If you are participating in a group, complete the CPE sign-in sheet and return within two business days
  - Contact webmaster@CLAconnect.com

- Allow four weeks for receipt of your certificate; it will be sent to you via email from certificates@CLAconnect.com.

*\* This webinar, once recorded, has not been developed into a self study course. Therefore, watching the recording will not qualify for CPE credit.*

# Learning Objectives

At the end of this session, you will be able to:

- Determine the areas of concern that the DOE's Office of Inspector General finds most significant

- Recognize weaknesses that expose your institution to the most damage

- Identify tools, resources, and methods for assessing your school's level of risk

# Presenters

**Brenda Scherer, CPA**

National Director of Student Financial Aid

Brenda.Scherer@CLAconnect.com

**Jeff Aalbers**

Director, Student Financial Aid

Jeff.Aalbers@CLAconnect.com

# Agenda

Top Audit and Program Review Findings

Preparing for a Program Review

Best Practices

Conclusion / Questions

# Top Audit and Program Review Findings

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

# Top Audit Findings

# Top Audit Findings

**1** NSLDS Roster Reporting - Inaccurate/Untimely reporting

**2** Repeat Finding - Failure to Take Corrective Action

**3** Return of Title IV (R2T4) Calculation Errors

**4** Return of Title IV (R2T4) Funds Made Late

**5** Verification Violations

# Top Program Review Findings

1. **NSLDS Roster Reporting - Inaccurate/Untimely Reporting**

2. **Crime Awareness Requirements Not Met**

3. **Return of Title IV (R2T4) Calculation Errors**

4. **Drug Abuse Prevention Requirement Not Met**

5. **Student Credit Balance Deficiencies**

# #1 NSLDS Roster Reporting Inaccurate/Untimely Reporting

NSLDS roster file not submitted timely to NSLDS

Untimely reporting of specific student information (errors not resubmitted within 10 days)

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)*

# #2 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)*

# #3 R2T4 Calculation Errors

- Incorrect number of days used in term/payment period
- Calculation of scheduled breaks
- Actual clock-hours used instead of scheduled hours
- Incorrect aid used as "could have been disbursed"
- Incorrect withdrawal date
- Mathematical and/or rounding errors

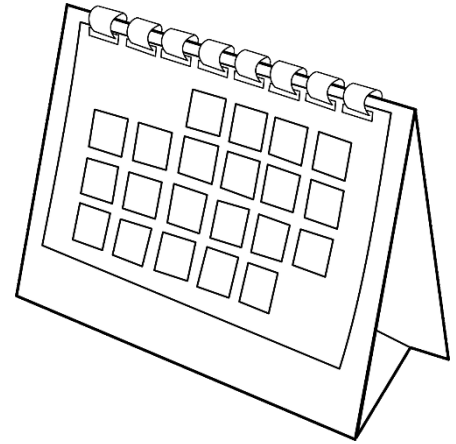*Regulation 34 C.F.R. §§ 668.22(e) and (f)*

# #4 Late Return of Title IV Funds

**Returns not made within 45-day allowable timeframe**

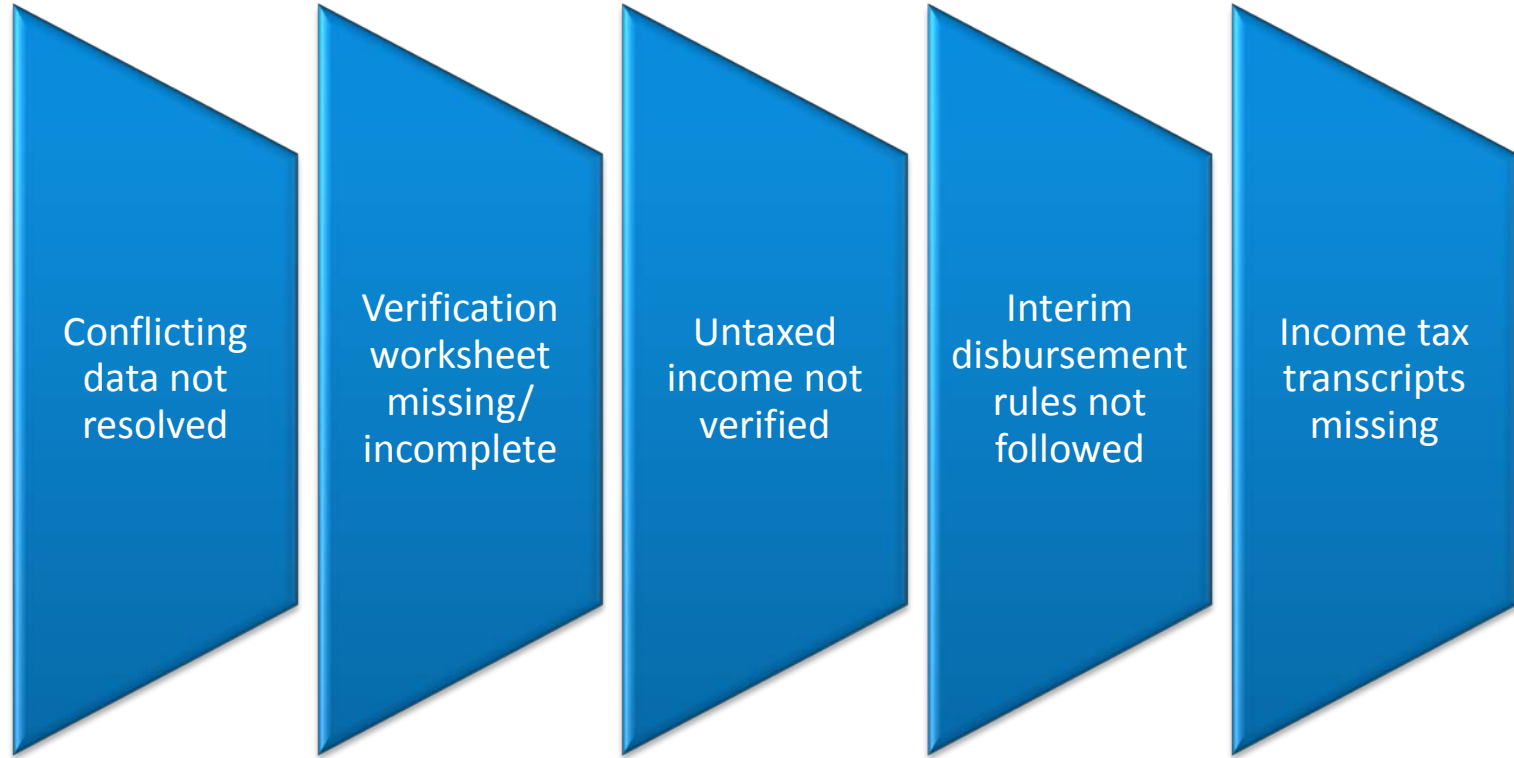School's policy and procedures not followed

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)*

# #5 Verification Violations

Conflicting data not resolved

Verification worksheet missing/ incomplete

Untaxed income not verified

Interim disbursement rules not followed

Income tax transcripts missing

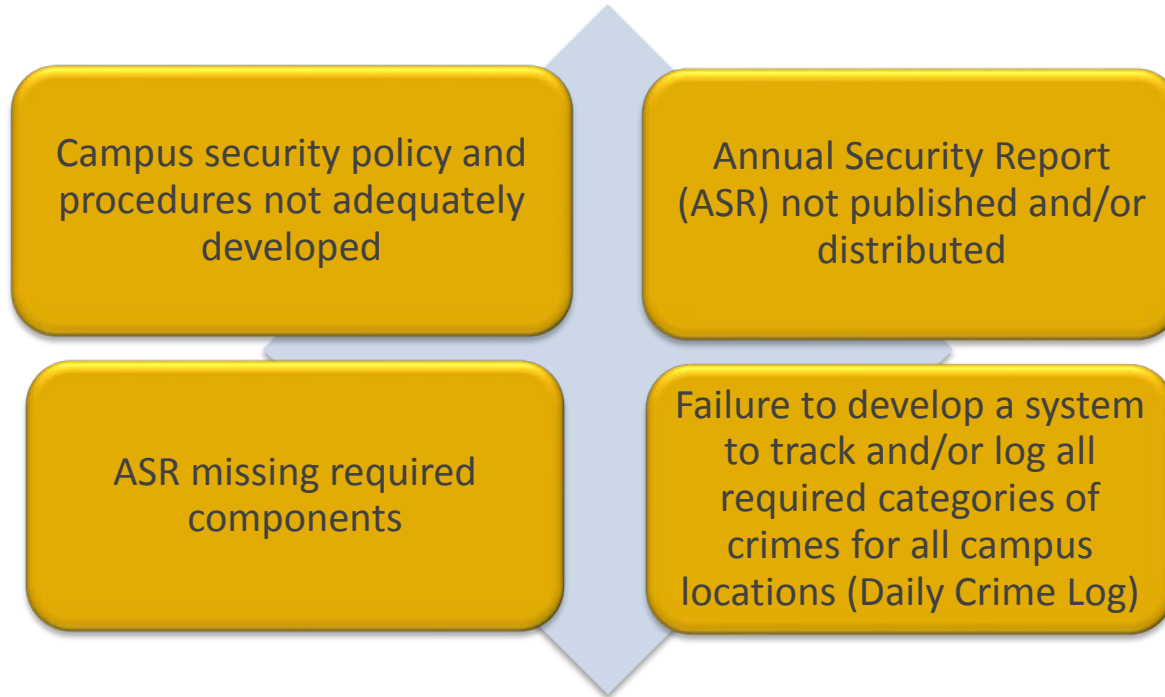*Regulations 34 C.F.R. §§ 668.51 – 668.61 (Subpart E) and 668.16(f)*

# Top Program Findings

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

18

# #2 Crime Awareness Requirements Not Met

Campus security policy and procedures not adequately developed

Annual Security Report (ASR) not published and/or distributed

ASR missing required components

Failure to develop a system to track and/or log all required categories of crimes for all campus locations (Daily Crime Log)

*Regulations 34 C.F.R. §§ 668.41, 668.46(c), and 668.49*

# #4 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

*Regulations 34 C.F.R. §86.100*

# #5 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(h) and 668.165(b)*

# Preparing for a Program Review

# Program Reviews

- 721 program reviews conducted by ED during fiscal years 2015, 2016 and 2017 combined

- 40% of the program reviews resulted in liabilities to the Department of Education

# Program Review Liabilities (FY 2015-2017)

$1 – 49,000
- 167 Institutions

$50,000 – 99,000
- 21 Institutions

$100,000 - 499,999
- 76 Institutions

$500,000 – 999,999
- 8 Institutions

$1M - $1.99M
- 9 Institutions

$2M +
- 17 Institutions
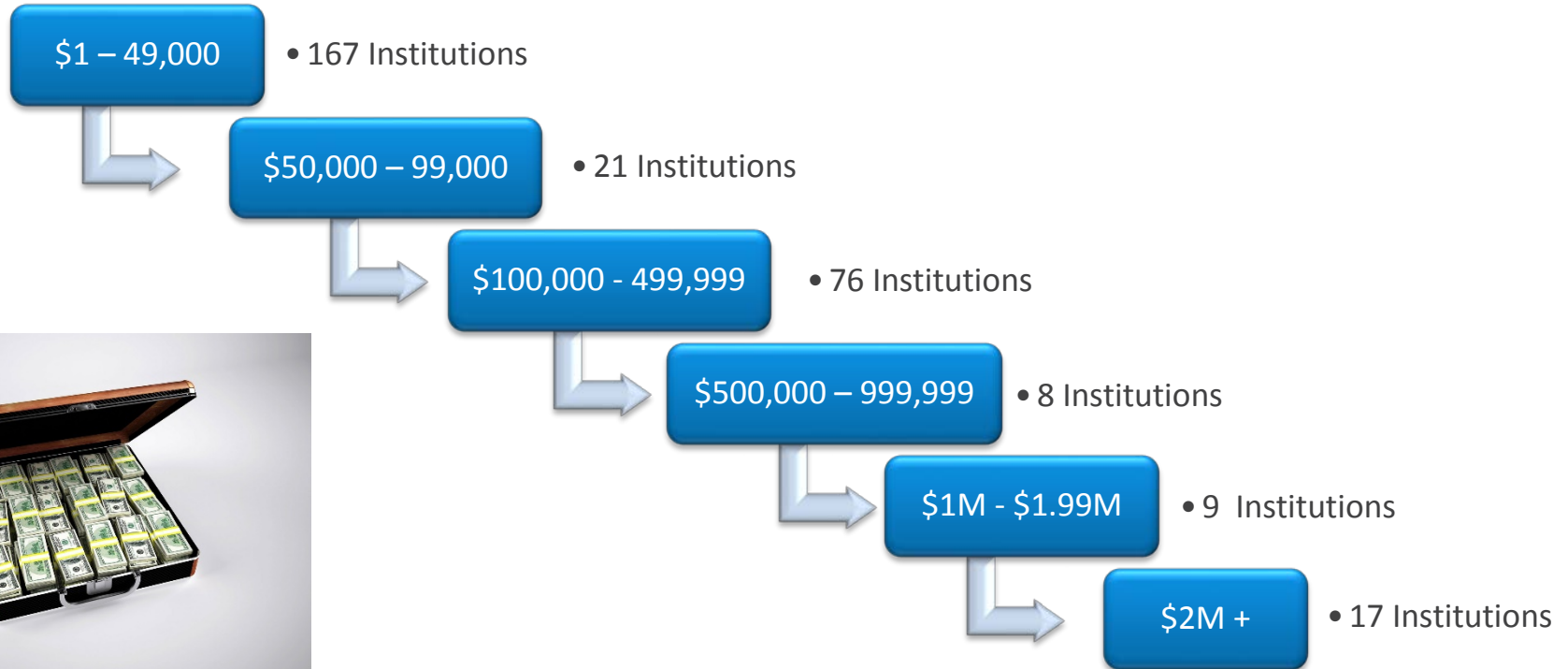
# How are Institutions Selected

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

# Preparing for a Program Review

- Scheduling of the review

  - Potential to reschedule to a later date

  - Buy time to better prepare

- Talk to your auditors

  - Leverage information from program reviews in their client base

  - Might provide insight to help you prepare

# Preparing for a Program Review

- Review policies and procedures

  - Supplement weak policies and procedures

  - Insure all policies and procedures are documented and can be located

  - Will look at what is in place at the time of visit not necessarily what was in place during the period under review

# Preparing for a Program Review

- Complete the FSA Assessments!

# Best Practices

WEALTH ADVISORY  |  OUTSOURCING  |  AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

# Best Practices

- Be proactive – don't wait for the program review or something bad to happen
  - University of Montana fined $966,614 for failing to comply with reporting requirements (Clery Act) – paid $395,000
  - Penn State fined $2.4 Million
  - Average fine of $30,000 per consumer information violation
  - Most investigations result from either something that happened on campus or a student compliant

# Best Practices (continued)



- Compile policies and procedures

- Attend training

- Conduct self-assessments

- Engage a third-party peer review service

# FSA Assessments

- FSA Assessment Tool on the Information for Financial Aid Professionals (IFAP) website

  - https://ifap.ed.gov/ifap/FSAAssessments.jsp

  - Includes compliance checklists to determine if your institution has all the required policies and disclosures in place

  - Breakouts for drug and alcohol prevention, campus security/Clery act, loan disclosures and others.

# IFAP Website
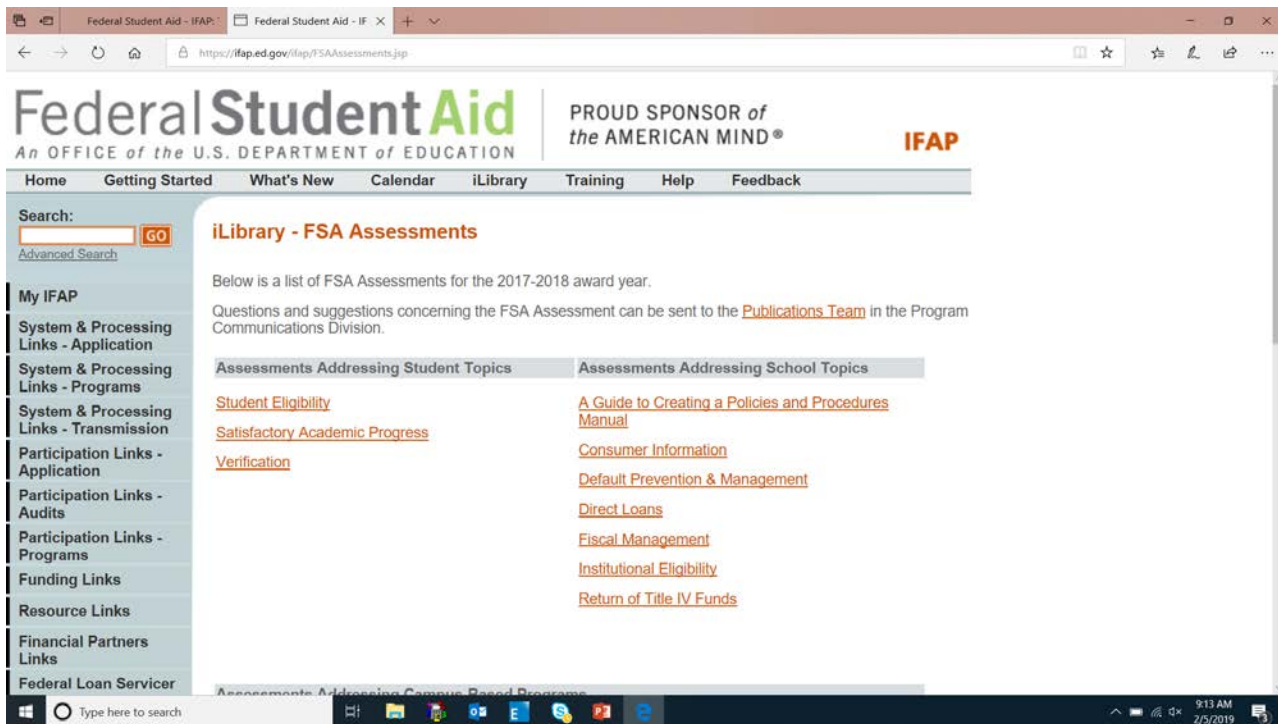
# Guide to Policies and Procedures

# Administrative Capability

# Consumer Information

Review the Consumer Information Disclosures at a Glance document that provides a summary of school disclosure requirements.

If you identify areas requiring a corrective action, we recommend that you complete an Action Plan.

**Activity Bar:**
Consumer Information Activity 1: **Institutional and Financial Assistance Information for Students**
Consumer Information Activity 2: **Drug & Alcohol Prevention**
Consumer Information Activity 3: **Consumer Information for Student Athletes**
Consumer Information Activity 4: **Student Right-to-Know Act**
Consumer Information Activity 5: **Clery/Campus Security Act**
Consumer Information Activity 6: **FERPA**
Consumer Information Activity 7: **Safeguarding Customer Information**
Consumer Information Activity 8: **Fire Safety Reports and Student Housing**
Consumer Information Activity 9: **Misrepresentation**
Consumer Information Activity 10: **Loan Disclosures**

**Additional Links:** 2017-2018 FSA Handbook, School Eligibility & Operations, Chapter 6; 2017-2018 FSA Handbook, School Eligibility & Operations, Chapter 7;Campus Security Resources; Online Training Module, Consumer Information – DCL ANN-14-15; DCL GEN-14-13 (Changes to the Clery Act by the Violence Against Women Reauthorization Act of

# Drug and Alcohol Prevention

# Questions?

WEALTH ADVISORY  |  OUTSOURCING  |  AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Thank You!