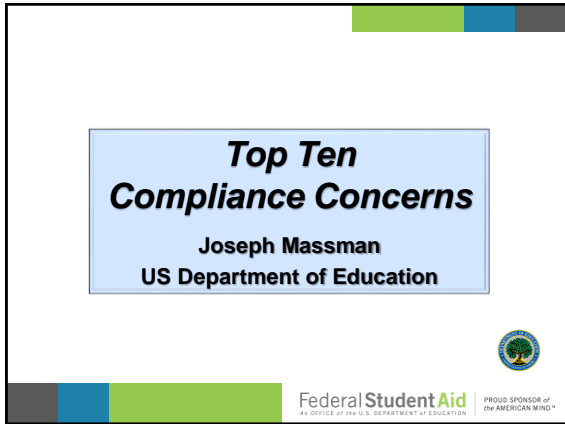



# Top Ten Compliance Concerns



**Top Ten  
Compliance Concerns**

**Joseph Massman**  
US Department of Education



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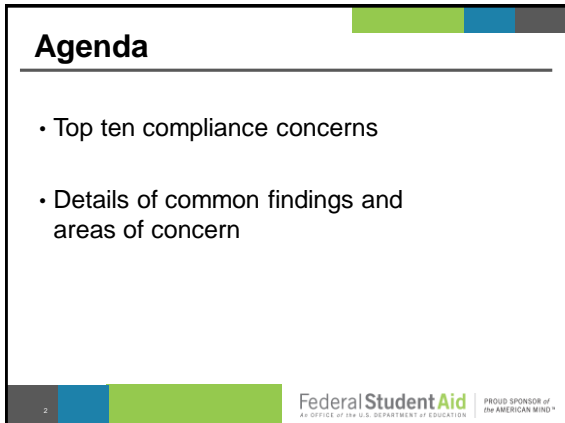
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**Agenda**

- Top ten compliance concerns
- Details of common findings and areas of concern



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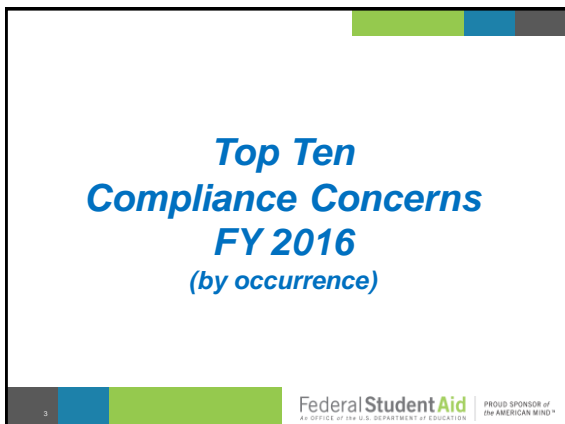
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**Top Ten  
Compliance Concerns  
FY 2016**  
*(by occurrence)*



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## Top Ten Compliance Concerns

**Top Ten *Program Review* Findings**

1. NSLDS Enrollment Reporting inaccurate/untimely
2. Crime awareness requirements not met
3. Return of Title IV (R2T4) calculation errors
4. Verification violations
5. Drug Abuse Prevention Program criteria not met
6. Entrance/Exit Counseling deficiencies
7. Consumer Information requirements not met
8. Student credit balance deficiencies
9. Inaccurate recordkeeping
10. Satisfactory Academic Progress policy not developed/  
not monitored

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**Top Ten *Audit* Findings**

1. NSLDS Enrollment Reporting inaccurate/untimely
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. Entrance/Exit Counseling deficiencies
7. Qualified Auditor's Opinion
8. Pell overpayment/underpayment
9. Student credit balance deficiencies
10. G5 expenditures reported untimely/incorrectly (*NEW*)

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**Findings in Common**

- NSLDS enrollment reporting inaccurate/untimely
- R2T4 calculation errors
- Verification violations
- Entrance/Exit counseling deficiencies
- Student credit balance deficiencies

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## Top Ten Compliance Concerns

*The rankings may change,  
but most of the findings  
remain the same.*

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*Finding Details*

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**NSLDS Enrollment Reporting**

- Enrollment reporting 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

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## Top Ten Compliance Concerns

### Repeat Finding / No 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

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### R2T4 Calculation Errors

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

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### 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

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## Top Ten Compliance Concerns

### Verification Violations

- Verification documentation missing or incomplete
- Income tax returns/transcripts missing
- Inconsistent data not resolved
- Untaxed income not verified
- Corrections that exceed tolerance not submitted
- Interim disbursement rules not followed

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### Entrance/Exit Counseling Deficiencies

- Entrance counseling not conducted or documented for first-time borrowers
- Exit counseling not conducted or documented for withdrawn students or graduates
- Exit counseling materials not sent to students who failed to complete counseling
- Exit counseling completed late

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### Qualified Auditor's Opinion

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

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## Top Ten Compliance Concerns

### **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)

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### **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

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### **G5 Expenditure Reporting**

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

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## Top Ten Compliance Concerns

### 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

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### Drug and Alcohol Abuse Prevention

- 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 and alcohol counseling and treatment programs

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### Consumer Information

#### Failure to provide consumer information:

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

#### Failure to provide written policies to students for:

- Verification
- Disbursement process
- Credit balance procedures

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## Top Ten Compliance Concerns

### Inaccurate Recordkeeping

- Failure to document enrollment status before disbursement
- 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 or missing Federal Work-Study timesheets
- Failure to follow policies and procedures

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### SAP Policy Inadequate or Unmonitored

- Missing required components
- Improper use of financial aid warning, appeals, probation and academic plans in SAP policy
- Failure to consistently or adequately apply SAP policy
- Insufficient or missing documentation to support SAP

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### Potential Concerns

- Lack of communication
  - Within the office and between different offices
  - All key personnel not aware of past problems
- Lack of knowledge/training
  - External and internal training
- No back-up or succession planning
- *Lack of written policies and procedures*

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## Top Ten Compliance Concerns

### Potential Concerns

- *No internal review process*
- Lack of checks and balances
- Lack of resources
  - Equipment, staff, supplies, software
- System problems
  - Outdated software, limited flexibility, manual work-arounds

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### ED Contacts

[Research and Customer Care Center](#)  
800.433.7327  
fsa.customer.support@ed.gov

[Reach FSA](#)  
855.FSA.4FAA -- 1 number to reach 10 contact centers!

<p><i>Campus-Based Call Center</i></p> <p><i>COD</i></p> <p><i>CPS/SAIG</i></p> <p><i>NSLDS</i></p> <p><i>G5</i></p>	<p><i>eZ-Audit</i></p> <p><i>School Eligibility Service Group</i></p> <p><i>Foreign Schools Participation Division</i></p> <p><i>Research and Customer Care Center</i></p> <p><i>Netnet Total &amp; Permanent Disability Team</i></p>
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### 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](mailto: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.

<p><b>New York/Boston School Participation Division</b> Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, Puerto Rico, Virgin Islands</p> <p>Betty Coughlin, Director (646) 428-3737</p> <p>Tracy New - Boston (617) 289-9145</p> <p>Jeremy Early - Washington, DC (202) 377-3620</p> <p>Chris Curry - New York (646) 428-3738</p>	<p><b>Atlanta School Participation Division</b> Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina</p> <p>Christopher Miller, Director (404) 974-9297</p> <p>David Smitlock - Atlanta (404) 974-9301</p> <p>Vanessa Dillard - Atlanta (404) 974-9116</p> <p><b>Dallas School Participation Division</b> Arkansas, Louisiana, New Mexico, Oklahoma, Texas</p> <p>Cynthia Thornton, Director (214) 661-9457</p> <p>Jesca Moya - Dallas (214) 661-9472</p> <p>Kim Pender - Dallas (214) 661-9471</p> <p><b>Kansas City School Participation Division</b> Iowa, Kansas, Kentucky, Missouri, Nebraska, Tennessee</p> <p>Ralph LoBosco, Director (816) 288-6440</p> <p>Dwain Corwin - Kansas City (816) 288-6420</p> <p>Jan Branslow - Kansas City (816) 288-6409</p> <p>Angela Beam - Kansas City (816) 288-6534</p>	<p><b>Chicago/Denver School Participation Division</b> Illinois, Minnesota, Ohio, Wisconsin, Indiana, Colorado, Michigan, Montana, North Dakota, South Dakota, Utah, Wyoming</p> <p>Douglas Parrott, Director (312) 730-1532</p> <p>Brenda Yetta - Chicago (312) 730-1522</p> <p>Sarah Adams - Chicago (312) 730-1514</p> <p><b>San Francisco/Seattle School Participation Division</b> American Samoa, Arizona, California, Guam, Hawaii, Nevada, Idaho, Maryland, North Carolina, State of Wisconsin, Alaska, Idaho, Oregon, Washington</p> <p>Martina Fernandez-Rosario, Director (415) 486-5655</p> <p>Gayle Palumbo - San Francisco (415) 486-5614 or Seattle (206) 615-3699</p> <p>Dyann Toney - Washington, DC (202) 377-3639</p> <p>Erik Fosker - San Francisco (415) 486-5656</p>
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## Top Ten Compliance Concerns

**Contacts**

Chicago/Denver School Participation Division  
Main Number: 312-730-1511  
Effie Barnett (IIS): 312-730-1587  
George West (IIS): 312-730-1538

Denver Training Officer  
Joseph Massman: 303-844-0432

Email: [firstname.lastname@ed.gov](mailto:firstname.lastname@ed.gov)

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**QUESTIONS?**

Joseph Massman  
U.S. Department of Education  
[Joseph.Massman@ed.gov](mailto:Joseph.Massman@ed.gov)  
303-844-0432



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**Training Feedback**

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

- Go to <https://www.surveymonkey.com/s/Massman>  
- Evaluation form is specific to Joseph Massman
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional concerns about training can be directed to [Mark.Gerhard@ed.gov](mailto:Mark.Gerhard@ed.gov)

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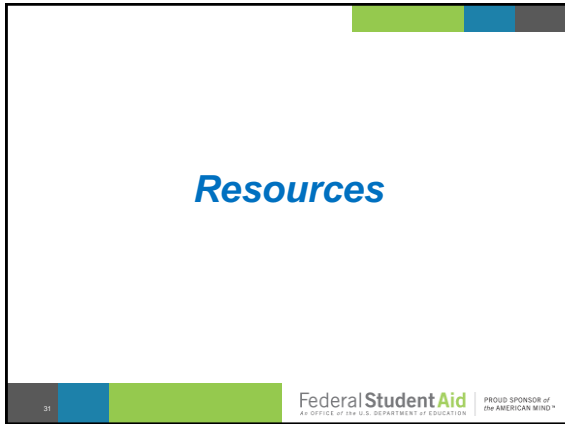
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## Top Ten Compliance Concerns



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# Resources

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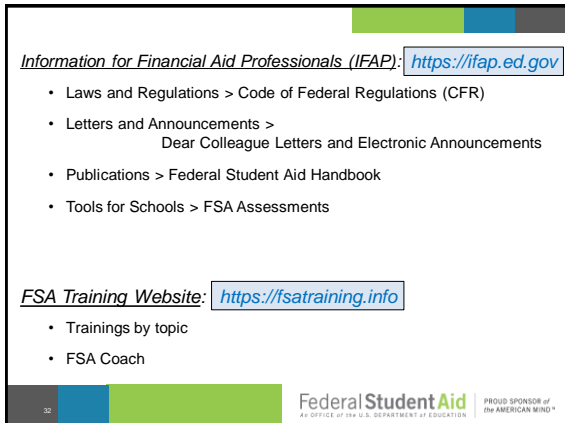
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Information for Financial Aid Professionals (IFAP): <https://ifap.ed.gov>

- Laws and Regulations > Code of Federal Regulations (CFR)
- Letters and Announcements >  
Dear Colleague Letters and Electronic Announcements
- Publications > Federal Student Aid Handbook
- Tools for Schools > FSA Assessments

FSA Training Website: <https://fsatraining.info>

- Trainings by topic
- FSA Coach

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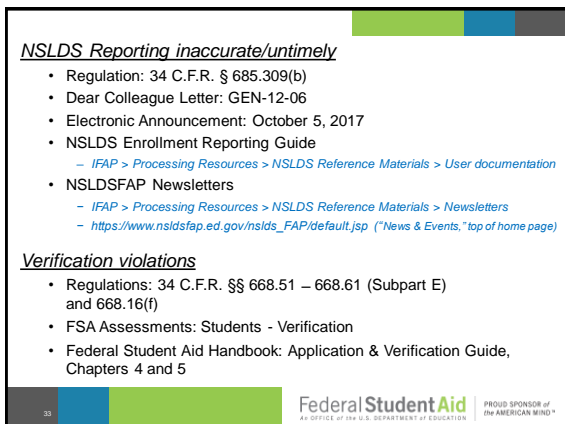
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NSLDS Reporting inaccurate/untimely

- Regulation: 34 C.F.R. § 685.309(b)
- Dear Colleague Letter: GEN-12-06
- Electronic Announcement: October 5, 2017
- NSLDS Enrollment Reporting Guide
  - IFAP > Processing Resources > NSLDS Reference Materials > User documentation
- NSLDSFAP Newsletters
  - IFAP > Processing Resources > NSLDS Reference Materials > Newsletters
  - [https://www.nslidsfap.ed.gov/nslids\\_FAP/default.jsp](https://www.nslidsfap.ed.gov/nslids_FAP/default.jsp) ("News & Events," 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

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## Top Ten Compliance Concerns

**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 Assessments: Schools - R2T4 assessment
- Return of Title IV Funds training: <https://fsatraining.info>
- R2T4 Worksheets
  - Electronic Web Application: <https://faaaccess.ed.gov>
  - Paper (FSA Handbook: Volume 5, Chapter 1)
    - IFAP > Worksheets, Schedules & Tables

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**Pell overpayment/underpayment**

- Regulations: 34 C.F.R. §§ 690.62, .63, .75, .79 and .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

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**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 reported inaccurately/untimely**

- Regulation: 34 C.F.R. § 668.164(a)

**Inaccurate recordkeeping**

- Regulations: 34 C.F.R. §§ 668.16(f) and 668.24(a),(c)

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## Top Ten Compliance Concerns

Crime awareness requirements not met and Consumer Information requirements not met

- Regulations: 34 C.F.R. Parts 86 and 99; 34 C.F.R. 668.6; and 34 CFR 668.41 - 668.49 (Subpart D)
- Higher Education Act of 1965, as amended, Sec. 485
- FSA Handbook: Volume 2, Chapter 6 and 7; Appendix F
- Consumer Information Training: <http://fsatraining.info>
- 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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Satisfactory Academic Progress policy not adequately developed/monitored

- Regulations: 34 C.F.R. §§ 668.16(e), 668.32(f) and 668.34
- FSA Assessments: Students - Satisfactory Academic Progress (SAP)
- FSA Handbook: Volume 1, Chapter 1
- Satisfactory Academic Progress training: <http://fsatraining.info>

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