

Federal Reviews: What to Expect

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Agenda

- Federal Program Review
 - What are they?
 - Why?
- Scope of the Review
- You've Been Selected
- Notification of Review
- Time-line of Review
- Audit Findings
- Ways to Survive

What is a Program Review?

Why do we have to endure a U.S. Department of Education Program Review?

- One of the U.S. Department of Education's functions is to oversee the FSA programs to help ensure that they are administered properly. The Department conducts program reviews to confirm that a school meets FSA requirements for institutional eligibility, financial responsibility, and administrative capability. A program review will identify compliance problems at the school and identify corrective actions.
- Authority for Program Reviews is defined by Congress to ED to ensure necessary oversight of Title IV institutional participants
 - Section 498A (administrative capability & financial responsibility)

Why?

- Purpose is to evaluate compliance, identify liabilities/risks, and enhance institutional administrative capabilities
- Ensure the efficient and effective use of taxpayer dollars in support of American education
- Identify financial aid compliance risks and financial liability
- Make conclusions and recommendations
- Determine corrective action

Program Review Triggers

- High cohort default rate
- Significant changes in Direct Loan or Pell volume
- Late refunds
- Deficiencies reported by state licensing or accrediting agencies
- Financial responsibility standards
- High withdrawal rates
- Significant audit findings
- Repeat findings or recurrent problems
- Significant risk of noncompliance with administrative capability
- Complaints from students or adverse publicity
- Institutions that haven't had a review in a number of years
- Frequent change in financial aid leadership

Scope of the Review

A program review may be either a general assessment review, a focused review, or a compliance assurance review.

- A general assessment review is the most common type of review and is normally conducted to evaluate the school's overall performance in meeting FSA administrative and financial requirements.
- A focused review is normally conducted to determine if the school has problems with specific areas of FSA program compliance.
- A compliance assurance review is a tool that is used to help validate the Department's risk assessment system.

You've Been Selected



Notification of Review

- Don't Panic
- Remember that auditors and reviewers are financial partners
- Read the letter carefully
 - We received a call prior to the letter
 - Both the President and Director of Financial Aid will receive the notice
- Notify senior management – This is not just the responsibility of the FA director, the entire college needs to be involved – RALLY the TROOPS
- Discuss with staff
 - Provide an overview of what to expect

Timeline of the Review

- Announced up to 30 days prior to the review by a telephone call to the President and the FA administrator
 - We received notice on May 8 and they were on-site the week of June 15
 - We were asked to provide relevant materials prior to the start of the review
 - Policies
 - Procedures
 - Consumer Publications
 - List of FSA recipients
 - ETC....
 - Phone interviews were scheduled
 - Financial Aid, Admissions, Business Office, Registrar, Campus Security, Distance Education, Career Placement

Timeline of the Review

- Typically 1 week on campus
 - Entrance Interview/Exit Interview
 - Give the Program Reviewers their own space with key
- Written Report
 - Within 60 days of the review
 - School is given the option to respond to the findings within 30 days
- Final Program Review Determination
 - This reports includes each finding identified in the program review report, the school's response, and the Department's final determination.
- Appeal process

Most Common Audit Findings

- Return of Title IV funds (R2T4) calculation errors
- R2T4 returns made late
- Pell Grant overpayment or underpayment
- Verification violations
- Student credit balance deficiencies
- Entrance or Exit Counseling deficiencies
- Satisfactory Academic Progress Policy not adequately developed/monitored
- Enrollment Reporting

Ways to Survive

- Ask for help
- Trust that you know how to do your job
- Remember that you are human and that no one knows everything, especially immediately from memory
- Give honest answers, if you're not sure don't guess, tell them that you will have to check on it and get back to them
- Keep organized and take notes
- Ask for things in email, so that you have a clear understanding of what they need
- Listen more, talk less
- Assume there will be findings – again no one is perfect
- When discussing findings, ask questions if you are unclear
- You will have a good idea of what the finding will be before the exit interview, be prepared and have your administration prepared.

On-line Resources

- Top 10 Audit and Program Review Findings:
http://www.nasfaa.org/Main/orig/2012/Top_10_Audit_and_Program_Review_Findings.aspx
- Compliance Resources for Financial Aid Professionals: <http://www.nasfaa.org/compliance/>
- Program Review Guide for Institutions 2009:
<http://ifap.ed.gov/programrevguide/attachments/2009ProgramReviewGuide.pdf>
- FSA Handbook, Volume 2, Chapter 9, “Program Reviews, Sanctions & Closeout” <http://ifap.ed.gov/fsahandbook/attachments/1112FSAHbkVol2Ch9.pdf>

Questions?

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