

**Compliance Issues  
Student Financial Aid**

LASFAA CONFERENCE

October 28, 2010

## LOSFA Programs

- ❖ Taylor Opportunity Program for Students (TOPS)
- ❖ Louisiana Go Grant
- ❖ Leveraging Educational Assistance Partnership Program (LEAP)
- ❖ Special Leveraging Educational Assistance Partnership Program (SLEAP)
- ❖ Rockefeller State Wildlife Scholarship Program
- ❖ TOPS Tech Early Start Program
- ❖ Louisiana Early Start Program (formerly Dual Enrollment Program)
- ❖ FFELP Loans
  - \* LOSFA will continue to review FFEL Loans for at least 1 more fiscal year.*

## Authority to Audit (Scholarship Programs)

LAC 28:IV, Section 107 -- By participating in the Scholarship and Grant Programs administered by LASFAC and described in LAC 28:IV, all participants, including high schools and post-secondary institutions, grant LASFAC and the Louisiana legislative auditor the right to inspect records and perform on-site audits of each institution's administration of the programs for the purpose of determining the institution's compliance with state law and LASFAC's rules and regulations.

Furthermore, LAC 28:IV Section 1417.B states "LOSFA shall conduct audits of the participating eligible Louisiana postsecondary institutions to ensure compliance with program requirements."

## Authority to Audit (FFEL Program)

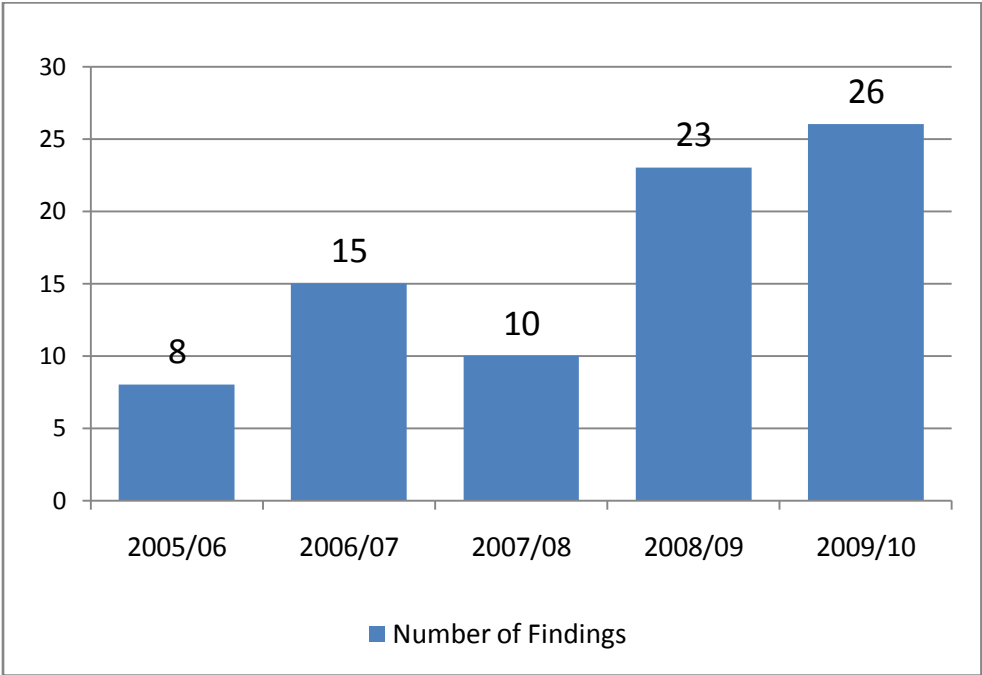
The FFEL Program regulations require guaranty agencies to conduct program reviews at postsecondary schools. A guaranty agency must conduct biennial (once every two years) on-site reviews of *at least all schools* for which it is the principal guaranty agency that have a cohort default rate for either of the two preceding fiscal years that exceeds 20%.

Schools that the Department requires to take specific default reduction measures and schools where the total amount of loans entering repayment in each of those fiscal years does not exceed \$100,000 are exempted. Alternatively, a guaranty agency may use its own criteria to select schools for the biennial on-site reviews if the Department approves the agency's proposed alternative selection methodology.

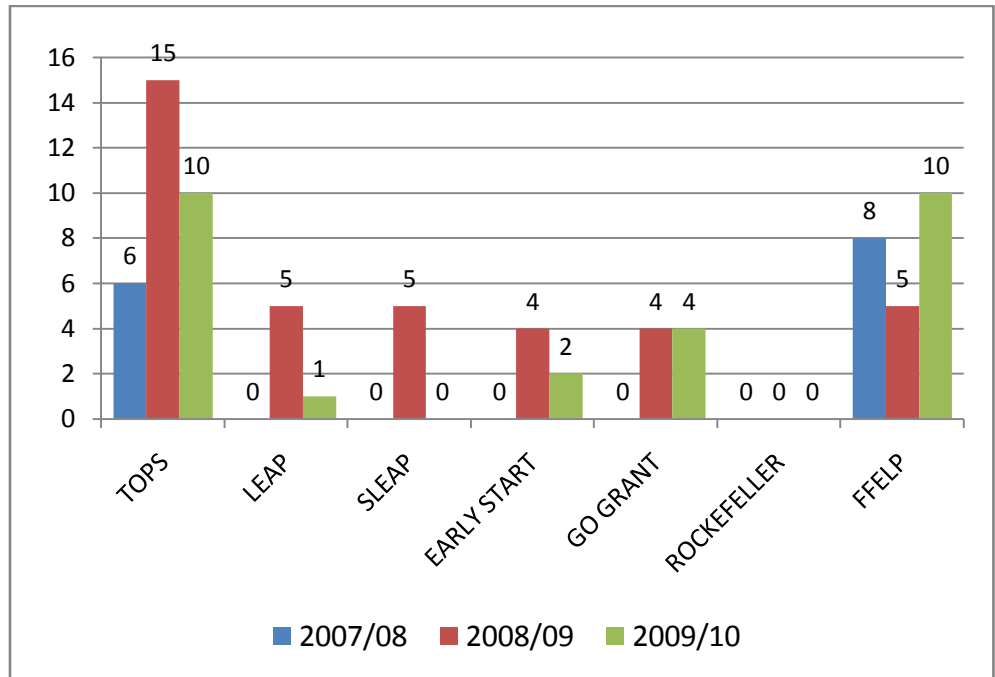
**COMMON FINDINGS – LOSFA Program Reviews**

	College Compliance Reviews Performed by LOSFA	Schools With 1 or More Findings
2005/06	11	5
2006/07	8	5
2007/08	7	6
2008/09	8	7
2009/10	13	11

**Total Number of Findings Cited**



## Number of Findings Cited By Program - 3 Year Period



## **Common Findings – LOSFA Program Reviews**

*(past 3 fiscal years)*

### **TOPS**

- Academic Data – Inaccurate Submission: 41
- Award – Posting Error: 6
- Enrollment Requirement – Not Full Time: 3

### **LEAP / SLEAP**

- Enrollment Requirement – Not Full Time: 25
- Award Posting Error: 4

### **Early Start**

- PLAN / ACT Requirement Not Met: 35
- Incorrect Billing: 4
- Failure to List Course on College Transcript: 4

### **Go Grant**

- Enrollment Requirement – 14<sup>th</sup>/9<sup>th</sup> Class Day: 9
- Pell Recipient Requirement: 3

### **FFELP**

- NSLDS Reporting – Enrollment Status / Effective Dates: 79
- Entrance / Exit Counseling – Documentation: 43
- Disbursement Errors – Late, LOA, Enrollment Status: 21

**COMMON FINDINGS – USDE Program Reviews**

- **Verification not documented or incomplete**
  - Verification worksheet not signed
  - Untaxed income not verified
  - Conflicting data on ISIR and verification documents not resolved
  - Required corrections not processed
  
- **Incorrect R2T4 calculation**
  - Incorrect institutional charges for the period
  - Scheduled breaks not included
  - Incorrect withdrawal date
  - Mathematical errors
  
- **Student Status – Inaccurate or Untimely Reporting**
  - Submittal File not returned within 30 days of receipt of Roster File
  - Incorrect enrollment status code  
Ex: “W” for graduated student
  - Incorrect graduation effective date
  - Student(s) reported as withdrawn for summer break even though expected to return in the fall
  
- **SAP standards not monitored**
  - Missing required components – Qualitative, quantitative, completion rate, maximum timeframe, probation, appeals
  - Policy not at least as strict as for non-Title IV recipients
  - SAP standards inconsistently applied
  
- **Crime Awareness Requirements not met**
  - Policies and procedures not developed
  - Annual report not published and/or distributed annually to current students/staff
  - Failure to report statistics on website or crimes reported in wrong category

- **Entrance/Exit counseling not documented**
  - Entrance counseling not conducted/not documented for first-time, first-year borrowers
  - Exit counseling materials not mailed to students who failed to complete in-person or on-line counseling
  - Exit counseling not conducted for withdrawn students
  
- **Return of Title IV Funds made late**
  - Returns not made within allowable timeframe (45 days)
  - Inadequate system in place to identify/track official and unofficial withdrawals
  - No system in place to track number of days remaining to return funds
  - Lack of coordination between offices
  
- **Inconsistent/Missing information in student file**
  - ISIR data conflicts with institutional data  
    Ex: Admissions application indicates student is married; ISIR shows single
  - No documentation to support professional judgment/dependency override
  - Failure to retain ISIR used to establish award
  
- **Student Credit Balance Deficiencies**
  - No process in place to determine when a credit balance has been created
  - Credit balances not released to students within required 14-day timeframe
  - Credit balances held without student authorizations
  
- **Pell Over/Under Payments**
  - Adjustments not made for change in enrollment status between terms
  - Attendance not documented in all coursework counted in the enrollment status
    - Modules or compressed coursework
  - Incorrect Pell formula
  - Inaccurate proration calculation
  - Incorrect EFC



- **Lack of Administrative Capability**
  - Indicates numerous/significant findings
  - Some common areas of noncompliance
    - No system of internal controls
    - Inadequate checks and balances
    - Inadequate staffing
    - SAP deficiencies
  
- **Consumer Information Requirements not met**
  - Failed to provide basic financial aid information
  - Written verification policy not developed
  - SAP policy incomplete
  - Return of Title IV Funds requirements not provided to students
  
- **Inaccurate Record Keeping**
  - Failure to maintain documentation in support of awards
  - Failure to maintain student eligibility information
  - Inadequate accounting and/or recordkeeping systems
  - Failure to reconcile
  
- **Improper / Undocumented Dependency Overrides**
  - Dependency override performed for invalid reason
  - No documentation in student file
  - Failure to confirm continued unusual circumstance in new award year
  
- **Pell – Ineligible Disbursement**
  - Use of wrong EFC
  - No high school diploma, GED, etc.
  - Student not meeting SAP at time of disbursement
  - Student enrolled in ineligible program
  - Payment period not completed

## Resources

### **NASFAA Standards of Excellence Program**

<http://www.nasfaa.org/redesign/SOE/index.asp>

NASFAA's Standards of Excellence (SOE) Review Program is an objective, confidential peer review program that assesses an institution's delivery of financial aid. Since 1999, NASFAA has conducted SOE Reviews at private and public, four-year and two-year institutions across the country.

### **NASFAA Self-Evaluation Guide**

<http://www.nasfaa.org/publications/2010/anselfevalguide012010.html>

- In-house evaluation tool for Title IV and HHS programs
- Describes majority of requirements
- Includes good practices
- Contains regulatory citations & other references
- Questions designed to easily identify areas of noncompliance
- Interactive form fields
- Designed as an in-house assessment tool to evaluate efficiency and Effectiveness
- Contains typical program review and compliance audit questions

### **FSA Assessments**

<http://www.ifap.ed.gov/qahome/fsaassessment.html>

In collaboration with financial aid professionals, Federal Student Aid has designed management assessment modules to help schools enhance their services. The modules contain links to applicable laws and regulations.