

Lisa:

Okay let's get started and what we're gonna do is list the top findings and then we will discuss them more in detail. The top audit findings are as follows: repeat finding failure to take corrective action. Return the Title IV calculation errors. Return of Title IV funds made late. Student status incorrect, untimely reporting; and Pell Grant overpayment and underpayment. And then we have student credit balance deficiencies and entrance/exit counseling deficiencies. And there's also verification violations. The other finding was qualified auditor's opinions cited in the audits; an improper certification of Stafford loan.

And the top program review findings are crime awareness requirements not met. And we had a two-way tie for verification violations and return to Title IV calculation errors. We also had entrance/exit counseling deficiencies, student credit balances deficiencies, and satisfactory academic progress not adequately developed or monitored. Return of Title IV funds made late and then lack of administrative capability and verification policy not developed or inadequate. And we had a three-way tie for return of Title IV funds not made, information in student files missing and inconsistent, and Pell Grant overpayments and underpayments and consumer information requirements not met.

You might've noticed that there are six findings that occur on both the audit and program review lists as listed on the slide here. We will only discuss each finding once, even though the six findings are listed on both the audit and program review findings, due to the similar nature of the findings. For each finding, we will first discuss some reasons why a school might've had that finding. In other words, what could have gone wrong? We also have listed the regulatory citations pertaining to the issue on the first slide of each finding.

Then we will provide an actual example of the finding from a compliance or program review, along with a corrective action or solution the school implemented or could have implemented to avoid this finding in the future. Finally, we will provide some additional corrective actions or compliance solutions schools can implement to help reduce the likelihood of having the specific finding cited in the future.

Before we go over the audit findings, we wanted to mention a couple important items that many of you probably are already aware of but we feel is still very important to mention. The first thing is timing of audit submissions. It is very important that schools submit their audit by the regulatory deadlines.

All right, so I have a question. For public or non-profit schools, how many months – what's the latest after your fiscal year ending date that you can submit an audit? And the answer would be either be six months or nine months. What is it? It's nine months. For the private, for-profit schools, what would your time-frame – what's the latest that you could submit an audit from your fiscal year end-date? It's the other number I gave you.

Audience: Six.

Lisa: Six months. Okay, great. Remember that even though you're not the person, there definitely must be a person at your school who will be responsible to ensure that the audit process is completed before the deadline. This includes, but is not limited to scheduling the time period when the auditor would come and do the audit. And also notifying the different offices that would be involved during that audit process. And also, you need to make sure that you have someone that will be responsible to ensure that the audit is submitted via the Easy Audit System and if applicable, the Federal Audit Clearinghouse. So the bottom line is do not wait till the last second to submit the audit. You got that? All right.

The other thing we wanted to mention is about independent auditors that actually do complete your audit. We strongly recommend that the auditors that you choose do actually have Title IV experience and that they've actually done an audit at other Title IV schools. If you're a new school or you're looking for an auditor, we strongly recommend that you network with other schools to see what auditors they use because as you know, the Department of Education can not recommend an auditor.

Finally, it's important to mention that your Corrective Action Plan, also known as a CAP for FSA audits or your management plan or response for A133 audits specifically address the finding. For example, a school has a satisfactory academic progress finding but in their CAP, it talked about returning funds timely. What does returning funds timely have to do with satisfactory academic progress? The CAP should have included a detailed information of how it would appropriately monitor satisfactory academic progress.

All right, the first audit finding that occurred most often was repeat finding failure to take corrective action. When an auditor identifies a specific finding as a repeat finding or the school fails to take the corrective action on a prior audit finding, it can be a clear

indication of a lack of administrative capability. Further, if repeat findings are significant enough, the school may be considered to have a past performance issue and therefore not meet financial responsibility requirements. If the finding is determined to be a systemic or repetitive in nature that places or may continue to place federal funds at risk or cause harm to the students, a referral for an administrative action can be made and this includes limitation, suspension, termination or a fine.

Schools must ensure that the corrective action presented to the department is taken and should establish procedures to ensure that all items presented in a Corrective Action Plan are carried out. Don't just provide something that is pretty or looks good in your CAP, it must make sense. An example of this finding is that the school had repeat findings related to R2T4. As we indicated previously, a school that fails to take the corrective action on a prior audit finding can be a clear indication of lack of administrative capability.

To address the finding, the school developed and implemented the CAP and implementation schedule developed in R2T4 monitoring reports and established internal controls to ensure accurate calculations and timely returns. Some additional compliance solutions the school could use to avoid this finding includes developing a realistic Corrective Action Plan that adequately addresses all deficiencies. You could assign a person or office specific responsibilities and deadlines for implementing and monitoring the CAP items and you also can determine why the school's CAP was not effective and make adjustments as necessary. A school should also develop procedures for action items, for CAP action items. Why is the CAP important? Because findings cannot be resolved without the school's response and it's also the schools commitment to ensure that the issue does not happen in the future. You could also perform quality assurance checks to ensure that new policies and procedures are strictly followed and test control before the end of the award year. And then you should also ensure that your staff are properly trained.

All right, let's move on to the next finding – actually the next top two findings are related to, also R2T4. The first is R2T4 calculation errors, which was also a top program review finding. Some of the issues we found in audits were ineligible funds of a that could have been dispersed or an improper treatment of overpayments. There were also some schools that used the incorrect withdrawal date and/or made mathematical rounding errors. In this example, the subsidized loan was certified prior to

the last day of attendance but the unsubsidized loan was not. This resulted in the R2T4 and accurately calculated as classifying both loans as a that could have been dispersed. The school established policies and procedures to ensure accurate disbursement information was used in the calculation. It also provided additional R2T4 training for the staff.

Some other solutions that you could use would be to assign at least one staff member who would be responsible to keep track of any new regulations and ensure that those changes are communicated to the necessary offices. And as we know there have been many, many new regulations that came into effect July 1, 2011, which we will not go over in detail in this presentation so specifically for the R2T4 area, we strongly recommend that you attend or view when you get back to your office sessions 45 and 46. You can also perform your own internal assessments of your R2T4 policies and procedures by reviewing a random sample of student files whose have withdrawn and determine whether or not errors remain and/or if changes are needed for you to change a process. To assist with this self-assessment, we strongly recommend that you use the FSA assessments module on R2T4 and Renée will be going over the FSA assessments at the end of our presentation. Finally, it's also recommended that you use the R2T4 on the web. And as you know the Department of Education has posted a lot of useful resources on the Information for Financial Aid Professionals or IFAP website to help you to avoid this finding and other findings.

So by the show of hands, how many of you actually do use IFAP? Great. Thanks. So for those of you that did not raise your hand, the IFAP website is a Department of Education website that consolidates guidance, resources and information related to the administration and processing of the Title IV federal student aid programs. So what I would recommend, if you don't know what IFAP is, at the PC lab there is an IFAP table or you can talk to one of your 7,500 closest friends here and talk to them about the IFAP or come up to see Renee or I.

The second RT24 audit finding that is also a top program review finding is return of Title IV funds made late. An institution must return the amount of unearned Title IV funds which it is responsible no later than 45 days after the date of the institutions the termination that the student withdrew. An example of this finding was that several students' files the auditor reviewed contained R2T4 calculations; however, the refunds to the appropriate Title IV accounts were not made timely. For this school, it reviewed and revised, where appropriate, the policies and

procedures for time frames for making returns timely. It also developed an R2T4 monitoring system to help with compliance and provided staff training.

Another way to avoid this finding is to design processes and procedures to ensure that R2T4 funds are returned timely and to review internal systems to track withdrawals. We have found that many times R2T4 funds are made late is when there is a lack of communication between offices at the school. For example, the academic office is aware that the student withdrew from the school but has not relayed this information to the financial aid office. The school needs to ensure that our timely communication between offices when a student withdraws.

All right, let's move on to the next audit finding, which is student status, inaccurate or untimely reporting. Some of the problems – okay we – well we can do that at the end. We can do that, yeah. All right? And if we don't have time, you can come up and I can – okay? So some of the problems we found in this area included schools not committing timely roster files, which were formally called Student Status Confirmation Report, also known as SSCR. Also the school failed to provide notification of last day of attendance or changes in students' enrollment status and conflicting status change in types and dates. The auditor stated for one school that it failed to return the roster file, formally known as I indicated as SSCR, timely. There was also conflict game enrollment status dates and types. For example, the school records showed a G for graduated; however, the NSLDS records showed W as withdrawn and therefore, no policies and procedures were in place. The school made changes to its procedural process to ensure timely reporting by ensuring that the attendance office included the last day of attendance in the school database so that the financial aid director could review and pick timely updates monthly. And also, the school provided training to their staff on the reporting requirements and procedures and the definition of the different status codes and order to avoid using the wrong status code.

And for more information regarding NSLDS, we strongly recommend that if you haven't been able to visit sessions two and three, that you do that when you go back to the office. In addition, they also have an NSLDS table at the PC lab and another useful area of resources is found in the IFAP website under Processing Resources and you can click on NSLDS Reference Materials.

The next audit finding, which was also a top program review finding is Pell Grant overpayment and underpayment. This can be

the result of the school using the wrong EFC, and invalid **ISR** or using the wrong enrollment status or incorrect formula. The school could have also used the incorrect number of weeks or hours in the calculation. Regardless of the error, whether it is an over- or an underpayment, it must be resolved. An example of this finding is that the school did not realize that a student changed enrollment status between terms from full-time to have time, resulting in an overpayment. For this school, it established internal controls and procedures to verify enrollment status before dispersing aid; adjusted accordingly by using institutional funds to refund the overpayment, since it was related to an award year that had closed; and it also developed procedures for resolving over- or underpayments and conducted random file reviews to ensure this type of finding did not recur.

Some additional compliance solutions to avoid this finding is to use the correct enrollment status from the beginning. You could also make sure that you are using the correct Pell Grant formula and schedule. Verify that the student began attendance in all classes and pro rate when needed. You can also assign a staff to monitor to ensure that Pell disbursements are accurate and timely and periodically select a sample of files to ensure you are in compliance. Also for larger schools that have computer systems in place to monitor this type of information, ensure that there are procedures in place to periodically test that the information provided is timely and accurate.

Our next audit finding is student credit balance deficiencies, which included credit balance not being released to a student within 14 days and there was no process in place to determine when a credit balance had been created. In this example the auditor noted that credit balances were not resolved in a timely manner, ranging from 32 to 111 days late. This student developed and implemented procedures and controls to be able to identify and release credit balances timely and provided training for their staff.

Some additional compliance solutions you could use include ensure that you have the appropriate authorization in the file that meets requirements. Increase your internal controls associated with credit balances. Develop systems to identify when a credit balance occurs and implement a schedule for generating credit balance refunds. You can also find useful information in the 2011-2012 Federal Student Aid Handbook, Volume 4, and it's on pages 4-7 to 4-8.

The next audit finding is entrance or exit counseling deficiencies. Some of the findings we found in audits included entrance counseling not conducted or documented for first-time borrowers or exit counseling not conducted or documented for withdrawn students or graduates and we also had exit counseling materials not mailed to students who fail to complete counseling. Schools must ensure timely counseling utilizing any of the following: an in-person counseling process or videotape counseling or online counseling.

An example of this finding was that a school failed to conduct entrance counseling before a direct loan was dispersed and provided no documentation that exit counseling currios were mailed to an official withdrawn students. This particular school indicated that they would develop and implement procedures to ensure that entrance and exit counseling are completed. They also automated their tracking and monitoring of entrance and exit counseling and posted the link www.studentloans.gov for students to access the information from their website. Remember that schools must ensure that timely counseling for students – that there are timely counseling for students receiving federal direct loans. In case you haven't attended, there was also a session, number 15 was called the Student Loans.gov Experience because that website is an excellent resource.

Another way to avoid this finding is to assign staff to be responsible for monitoring the entrance and exit process and periodically have another staff select student files to randomly verify that entrance and exit counseling are appropriately completed. You also can develop procedures to ensure there is appropriate communication with the different offices, including the registrar, business and financial aid offices. Finally, we cannot stress the importance of continued training for staff in the areas of Title IV because just when you think you understand something, it changes. You know what I'm talking about. And there's also two other really good resources: the FSA Coach specifically Module 4 on loan counseling and the FSA assessments module on default prevention and management.

Okay, let's move on to our next audit finding which is verification violations, which was also a top program review finding. Because students sometimes make errors on their FAFSA information, schools must have procedures to verify the reported information. Verification requirements are very well known and the errors identified are generally the result of an oversight. In this example, verification was incomplete since no tax return was submitted for

the parent, even though earned income required filing. The number in the house that size was incorrect and the verification worksheet was not signed. The school revised its verification procedures to ensure submission of all required documentation. It created a verification checklist and resolve the conflicting information. If conflict team information is identified, the school must secure appropriate documentation and if necessary, rerun the need analysis, determine if the award has changed and pay any resulting over awards to the applicable Title IV programs. Also, remember that conflicting information must always be resolved, whether the student is selected for verification or not.

Some other ways to avoid this finding is to monitor your schools verification process and revise accordingly to ensure that procedures are followed. Perform your own internal controls by selecting a sample of files that were selected for verification. Schools have told us that self auditing their student files on a monthly or quarterly basis helps them to identify and fix issues prior to the finding becoming systemic. Some other useful resources to help you to correctly complete verification is by using the FSA assessments module on verification and also to review the information in the 2011-12 Federal Student Aid Handbook Application and Verification Guide, Chapter 4. Finally, as many of you know the new verification regulations will become effective for the 20'12-'13 award year. We will not be discussing those new changes during this presentation, so we strongly recommend if you haven't already that you view sessions 4 and 31.

Our next top finding is auditor's opinion cited in audit, qualified or adverse. When does this finding happen? This finding happens when the auditor provides an opinion other than an unqualified opinion. There are deficiencies or areas of concern in the school's compliance audit or financial statements including R2T4 violations, inadequate accounting systems and/or procedures or there's a lack of internal controls. To avoid this type of finding, it is imperative that schools make a complete assessment of its entire process and design an institution wide plan of action that includes having adequate and qualified staff; procedures in place to ensure appropriate internal controls; and ensure that your staff have the appropriate training to properly administer the Title IV programs, and this includes attending online and in person trainings. Finally, as I mentioned before, it's also important to network with other schools, which I hope that you have been doing this week. I mean there are about 7,500 people here from the financial aid community and I know that you can find a couple people to network so when you go back to your office and you come up with

the situation at your school, at least you'll have a couple people to contact to run it by them. Bottom line: you probably are not the only school facing that issue.

And finally, our last top audit finding is improper certification of Stafford loans. Several different situation could result in this finding, for instance a school might award an annual amount based on the wrong grade level; fail to prorate the loan for a program shorter than an academic year; or for the remaining period of the study that is shorter than an academic year; or they were unable to document that the student was enrolled at least half-time.

In this example, a school dispersed unsubsidized loan prior to the total subsidized loan eligibility being awarded and it awarded additional unsubsidized loan to a dependent student without documentation of PLUS denial. The school was required to conduct a file review to identify all dependent students who received the additional unsubsidized amounts, for which the school had failed to obtain necessary documentation and return any ineligible disbursements. In addition, the school developed a software edit that would prevent the awarding of the additional unsub amounts until a flag had been set indicating that the student was indeed eligible for the increased amount.

Another very good resource to use was a "Dear Colleague" letter that came out on March 22, 2011 and it is Gen. 1107 and the subject was guidance on participating in the William D. Ford Federal Direct Loan Program so if you haven't looked at that "Dear Colleague" letter Gen. 1107, I strongly recommend that you do. You should also make sure that there's a system in place to document student eligibility prior to certifying and disbursing loan funds and depending on the way in which your program is offered, you may need to monitor the weeks and academic year and ensure the student has completed the prior academic year before certifying a new annual loan amount. Perhaps the best way to ensure that all this monitoring is done is to have a computer system in place that will prevent the certification of the loan until all the required eligibility checks have been performed but regardless of your computer system, you must have a process in place to determine loan eligibility. As we have already recommended in previous findings, it is also important to conduct internal staff file reviews. You can decide if you will review the files monthly, quarterly, daily, weekly – it just depends on what works best for you.

Remember that the students' files need to stand alone when you are independent and/or the department of education program reviewers

review those files meaning that if you are not active school when we review those files, we should be able to determine from those files why you made a particular decision. So the key here is to make sure that you have sufficient documentation because you can never have too much documentation. Finally, as we also mentioned before, having a good communication between the different offices at your school is a must. We have found that findings have occurred because there has been a lack of communication between the offices at the school. Remember that the financial aid office is not the only office that is responsible for administering the Title IV programs. It takes all offices or departments at your school, starting from the President, owner or CEO's office and downward, to ensure that the Title IV programs are properly administered.

And there you have it: the top audit findings. We will now move on to the program review findings, so while Renee and I switch positions, if you wanna take a ten-second stretch break, please do. Thank you.

Renee Galatto:

No. No that's okay. How's everyone doing? Last session of the day. As Lisa mentioned, my name is **Renee Galatto**, and I'm with the San Francisco/Seattle School Participation Team with Lisa and we have a few findings to get through. So keep in mind that since some of the findings overlap and we're on both the program review and the audit list, this part of the presentation will go over those findings that showed up only on the program review list.

We going to follow the same format as Lisa did for the audit findings – first, the finding; then an example, and finally some additional solutions. We have also included the regulatory citing pertaining to the issue on the first slide of each finding. So let's take a look at the program review findings.

The seven findings that are attributed only to the program review list are: crime awareness requirements not met; satisfactory academic progress policy not adequately developed and/or monitored or ineligible student; lack of administrative capability; verification policy not developed or inadequate; return of Title IV funds not made; information and student files missing or inconsistent; and consumer information requirements not met. So we'll go over each one of these individually.

Under the heading of crime awareness requirements not met, we can see that some of the problems that caused this finding to show up as a result of the program review include campus security

policies and procedures not adequately developed; the campus annual report published or distributed; failure to have a tracking system or allowed for crimes by category. The department's strongly committed to enforcing the provisions of the Campus Security Act of 1990, requiring the school compile and distribute an annual campus security report, and we know from all the recent events that have been happening in the news how very important that is.

By October 1 of each year, the school must publish and distribute its Annual Security Report. It must be distributed to all enrolled students and current employees in one of two ways: directly by publications and mailings or directly by mailing to each individual to the U.S. Postal Service, campus mail or electronic mail, e-mail, or a combination of these methods. Upon request, a school must provide its annual Campus Security Report to a prospective student or prospective employee as well.

In this example, the school's annual Campus Security Report did not include timely warning report to members of the campus security regarding the occurrence of crimes and to address this finding, the school developed and implemented policies and procedures for timely warning to include an alert system that provided important information to keep the community abreast of campus crimes. This included implementing procedures to ensure that complete and accurate report is provided annually. As part of the consumer information requirements, the school must either distribute a written report or a notification to all students and employees as was mentioned and it needs to be on the website where the security reports reside on your school's webpage.

Keep in mind that several new requirements were added to the campus security report via the Higher Education Opportunity Act of 2008 so it's extremely important for schools to review this material. The link is provided on this slide and I actually was going to bring the book – I have it upstairs in my room. It's about 300 pages. It's fairly thick, but it's very informational and it's actually a fairly easy read. The FSA assessments on consumer information list the campus security disclosure requirements and are also really helpful.

In most instances, the schools publish the report; submit the statistics to the department but when we ask employees and students, no one seems to know where to get the report. You need to ensure that staff and students are aware of the report and also know where it's located.

The next top program review finding is satisfactory academic progress, SAP policy not adequately developed or monitored. It's one thing to have one, which of course we – the schools have to do; it's a whole 'nother thing to make sure that you follow it. So some of the SAP policy issues were missing required components, such as qualitative and quantitative measures, completion rates, maximum timeframe and remedial/repeat coursework. Also failure to consistently adequately apply SAP policy and aid disbursed to students not meeting the SAP standards.

In this example, the school did not include all the required components and their SAP policy and it was dispersed to students not meeting those SAP standards. The school was required to revise their SAP policy to include all components and to apply them consistently; return all ineligible disbursements and to establish internal controls to monitor SAP. The school also performed a self audit on the sample files to ensure that they were compliant.

One way to ensure this doesn't happen at your school is to use the FSA assessments module and satisfactory academic progress to ensure your policies and procedures meet the minimum standards and to ensure that all your staff are trained on your own internal policies and procedures and that they understand the new regulatory requirements for SAP. Remember that effective July 1, 2011 there were new SAP requirements, including standardizing the warning, probation and the appeal process. These changes went into effect with the other program integrity regulations. For more information regarding the new SAP requirements, you can attend or view at this point, session number 37.

To participate in the federal student aid programs, a school must demonstrate that its administratively capable of administering the Title IV programs. The program review must show no evidence of significant problems that could affect the institution's administration of the Title IV programs. Examples of a lack of administrative capability are: R2T4 not performed or performed but incorrectly; no policies and procedures; unreported additional locations of programs; separation of duties or lack thereof; and no Title IV fund reconciliation process.

So one example we've had is with an institution that did not obtain appropriate approvals before dispersing Title IV aid at their additional locations. The ECAR or the Eligibility Certification Approval Report that the department provides lists the eligible

programs and the locations that are eligible. The eligibility of the school and its programs does not automatically include additional locations. The school must first receive approval from the department before dispersing any Title IV funds at the additional location. So to resolve this finding, the school had to obtain state, a creditor, and department approvals; however, any disbursements that were dispersed at any of those ineligible locations – those funds had to be returned to the department because the location was an eligible at the time of disbursement.

To strengthen your administrative capability, a school could use a combination of these additional solutions offered. In sure that your staff take advantage of training opportunities, such as fundamentals of Title IV administration. Those are the four and half day workshops that we hold at all the regional offices, at the school participation team offices, and those are four and a half days – great for new staff. Also require all new staff to complete FSA Coach and nine. Take advantage of any department webinars and ensure that your staff knows about the FSA assessments and feel comfortable with using the handbook. This conference has sessions on several of the topics that can contribute to a finding for lack of administrative capability and those sessions include the Direct Loan Reconciliation session is number 1, I believe. Adding Additional Locations is session number 24 and Return of Title IV is covered under sections 45 and 46.

Another top program review finding is verification policy being an adequate or not developed. Regulation 668.53 states that an institution shall establish and he's written policies and procedures in regards to verification. These requirements date that the policy must include types of documents required and the time period for submitting documents; the consequences for failure to provide documents; the method for notifying an applicant of the results of the verification and any changes to their award or their loan; and procedures for correcting application errors.

In our example, the school's policy did not contain deadlines or lists the consequences if the student did not provide documentation timely. The regulations state that the institution's procedures must explain how it will provide the selected students a timely and clear explanation of several things: these things include the documentation that the student we need to provide to satisfy the verification requirements and the applicant's responsibility with respect to the verification of application information, including the deadlines for completing any actions required under the regulation and the consequences of failing to complete any required item. To

resolve this finding, the school revised their verification policy to ensure it contained the required verification components.

Additional compliance solutions can be to ensure that training's provided to your staff to help them stay abreast of regulatory verification changes – and we all know we've got some big changes coming up next year. It's gonna affect how we do things in our offices. As Lisa mentioned, this new verification requirements will become effective July 1, 2012 but that means our offices have to start working with those changes effective January 1. So we strongly recommend that you attend or if you didn't get to attend, that you view sessions number four and section 31, which focus on the new verification requirements.

Return of Title IV funds not made is our next top program review finding. This can occur when data are inadequate controls in place at the school and the appropriate parties are not notified when an official withdrawal takes place or when an unofficial withdrawal is determined. With our example, the school failed to determine timely that the students have withdrawn so that they could return funds within the 45-day time frame. Regardless of whether you are required to take attendance, it is especially important to have some type of procedure in place in order to be able to identify your withdrawals timely. With this particular finding, the school developed policies and procedures to monitor the students' LDA or last date of attendance, sorry, habit. It also implemented a system to track and monitor the 45 day time frame and resolve the return of Title IV funds at issue by returning the funds for the applicable withdrawn students. They also made sure to provide their staff training. Training is good.

Here are some other suggested compliance solutions. Review how your school's internal system works. That helps to ensure that return of Title IV funds are tracked and process timely. Ensure that communication and training have been regularly so that all departments are aware of how to instruct students that are withdrawing. Who in your school handles withdrawals? Really, if you think about it, it's all of us; all of us at school will handle withdrawals in some way, shape, or form, including faculty. One school that I worked with recently had a very job passionate registrar. He made sure to remind everyone that all withdrawals were to be communicated to him directly so that he could report out timely and take that responsibility to the appropriate departments and staff. He made it his responsibility and understood the timelines involved. Another suggestion is to

conduct random reviews of files and also use the FSA assessment module on R2T4.

Our next top program review finding is information in student files missing or inconsistent. In addition to reviewing application and data match information from CPS, a school must have an adequate internal system to identify conflicting information, regardless of the source and regardless of whether the student is selected for verification, you should be aware of anything that would affect the students eligibility. Examples include information from the admissions office as to whether the student is a high school graduate or information from other officers regarding affecting academic process and enrollment status. The school must resolve all such conflicting information, except when the student dies during the award year.

In this example, we found with the school's financial aid application, the ISR, showed the student as married and the tax return showed head of household. The school had not resolved this conflicting information. Financial aid administrators do not need to be tax experts – we've heard that several times during the conference, yet there are some issues that even a layperson with basic text information can evaluate. Because conflicting data often involves such information, FAA's must have a fundamental understanding of relevant tax issues that can considerably affect the need analysis. You are obligated to know these things: whether a person was required to file a tax return or not; what the correct filing status was for the person; and that an individual cannot be claimed as an exemption by more than one individual, more than one person.

As we know, there are many other offices on campus: admissions, registrar, bursar's, business office – it's very important that we communicate and share information. Performing periodic file reviews is also very important and if you have more than one FA administrator in your office, you can take turns doing periodic reviews of each other's student files. Another great way to ensure consistent information is to review all subsequent ISRs as they come in. That's why auditors and program reviewers like to see all ISRs in the student file, so they can easily confirm that appropriate action was taken by the financial aid office. And as I always suggest to schools, the files need to tell the whole story. Make sure that you document conversations or actions in the file or in the school information system – it's very important.

Consumer information requirements not met is our last talk program review finding. We know from the calls that the school participation teams have received, that many schools are really trying hard to work on this requirement. When we speak about consumer information, we are covering many different things: policies, disclosures of basic financial aid information gainful employment disclosures and many other items that students – both prospective and enrolled – need to have access to. There are also some items that require information to be disclosed to employees of your school. For example, the school's drug and alcohol abuse prevention policy and the campus security report.

With our example, the school did have the institutional refund policy published but did not have the return of Title IV funds policy published. The result is finding, the school was required to revise the consumer information – in this case, it was their catalog – to include the return of Title IV funds policy. It's a great idea to review the consumer information annually at your school and to ensure that you are complying with all the requirements. The consumer information module in the FSA assessments – I know you've heard us talk repeatedly about the FSA assessments but it's a very, very useful and helpful tool. But the consumer information module within FSA assessments is particularly spectacular, in my opinion. It's very, very helpful; it covers everything from the gainful employment disclosures, drug and alcohol abuse prevention program, the federal registration requirements and your vaccination policy. Did everyone know your school supposed to have a vaccination policy? Many, many schools look at each other like, "What?"

One of the schools I visited recently had their vaccination policy simply state this in their catalog – I thought it was great – it said, "ABC University – not the name of the school, by the way – ABC University does not have a vaccination requirement but encourages each student to take responsibility for his or her own health and wellness. Information for free or reduced price clinics offering vaccinations can be found at," and they gave a website for the public health offices. I thought that was cute. It can simply be that, "Our university does not have a vaccination policy."

And there you have it, the top ten audit and program review findings. So as we mentioned several times, probably many times, during the presentation and all throughout the conference, there are many resources available to help to ensure that you stay in compliance with the Title IV requirements. One very useful resource, as Lisa mentioned, is the IFAP website. A great way to

keep track of what has been posted to IFAP is a weekly notification Listserv that you can sign up for under the "My IFAP" tab. The notification tells you about any new "Dear Colleague" letters, notifications, trainings and any other notices that have been recently posted on IFAP and if you take a look at the pages on the top left, it says, "My IFAP". Oh no. She's got the red dot.

Another great thing on IFAP is "Tools for Schools". That's one of the top, top left box on the home page and it has the FSA assessments and FSA Coach on it. Great for training new staff. The handbook is there on the lower right side of the IFAP home page and I will tell you the one thing I found in my time with the department is that there are many opportunities are many times when the regulations are more detailed and can be more specific than the handbook. I was never comfortable with the regulations before; now I don't have a choice, but until I had to use them – now I am much more comfortable with them and most handbook areas do reference the regulations. It tells you exactly where to look. The most current regulations are located on the lower right side of the IFAP website. So if you're looking for some additional clarification, you can check out the regulations. If you can't find it there, you can always contact the school participation team for your region.

We've also mentioned the FSA assessments several times in this presentation. These are self-assessment tools that can help you to create your policies and procedures and how to ensure that you are in compliance. I would consider the FSA assessments as part of your toolbox. It helps to review your policies from time to time to ensure that what you have in writing is what you're actually doing and the FSA assessments can help you do that. When you have a program review, your policies and procedures are asked for. We review them to ensure that what you say you're doing you are actually doing. For your annual audit, the auditor may or may not ask you for your policies and procedures for a specific issue that they're questioning but wouldn't it be better to be prepared and have that already to go instead of having to run upstairs to your office to make sure it's all updated with what you're currently doing? So we strongly recommend if you haven't already to become familiar with the FSA assessments.

Before we open it up for questions, we wanted to provide you with a list of the different school participation teams and our contact information. Here we are. And we encourage you to contact your school participation team if you have questions or you need assistance. Here is Lisa's contact information and mine. Please

make sure you remember to complete the conference evaluation when you receive them via e-mail. We do highly value your feedback. We truly hope the session was helpful and we hope that you enjoy the rest of the conference. Now let's open it up for questions. We have actually two microphones; one on either side of the room or if you feel more comfortable, you're more than welcome to come up and talk to us individually. Thanks so much for coming. We hope you enjoyed it.

[Applause]

Renee Galatto: Hi.

Audience: Hi. I don't know if – is this on?

Renee Galatto: It is on.

Audience: Okay.

Renee Galatto: Go ahead.

Audience: All right. Just one question I had asked things are more and more electronic and you talk about student files, what are the guidelines and what needs to be printed and actually in a physical student folder, compared to what we could print off if needed?

Renee Galatto: You can definitely have it electronic. You want to make sure that that your auditor or the program review team, if that's who's in the office, that they have access to that.

Audience: Right.

Renee Galatto: I mean, I would think that the individual auditor may have their own preference. When we're going into look at – when I'm going in to help, or Lisa is, we're going in to help new schools – we like to be able to look at what's in the file if there is a file. I mean, hopefully, there is something there. For example, if you have paper files, looking at the most recent ISR on top – that type of thing. That's just a paper thing. I know we're all getting away from that.

Audience: Yeah.

Renee Galatto: You can choose to print out information if that's what your auditor prefers; but I would have that conversation with them. There is no requirement that you have it in paper.

Audience: Okay. Good. That's what we – we just always print out of the entrance counseling, you know, and that's quite a bit of paper. So usually, when we get the list of files from the auditors, we print those copies ____ ____.

Renee Galatto: The only warning that I would have regarding the entrance/exit counseling documentation is sometimes what we see schools do they still have a list of a whole bunch of different students and you wanna make sure that you don't have any personally identifiable information for multiple students and one student's file because a student does have access to that file upon request. So he wanna make sure you're not sharing.

Audience: Right. Okay, thanks.

Lisa: I just wanted – can you all hear me? I just wanted to add, too, you were talking about the entrance and counseling information and that you print it out. You can also – if you're having a program review or if the auditor is coming, I know that for entrance, you can print out a report – cause I did go, I checked with COD about the entrance information. So if you know the students, you can just, you know, show them online. Or – and then also for the exit information, there's reports – 'cause I did check with NSLDS – that you can also have an exit report that lists the students, also. So you can show them on the NSLDS, also.

Renee Galatto: I'm not sure who was next.

Audience: The crime awareness finding seems to be a hot item. If I remember correctly, you said you were auditing that by asking students if they were given the annual campus crime report. I am pretty much 90 percent sure I know that I gave it to all of our entering students; I handed it to them. If you came in three months later and asked them if they were given a document, I can pretty much guarantee you they wouldn't know.

Renee Galatto: No.

Audience: And I'm pretty much sure that our faculty and probably a few administrators wouldn't know where to find it, even though it's in our office and available. So I'm just – I know that there's probably no other better way to audit this than to ask them if they got it but I think you're gonna get a very poor response because I know students and they just don't remember what they're given, even though I know I handed it to them.

Renee Galatto: And I understand what you're saying. Ideally, you'd want your students to know exactly what you're referring to and they would know exactly where to find it. That's not reality, however. Having it on your website is ideal. If you don't post it to your website and you get it out to your students individually, then keeping documentation like for example if you're keeping the copy of the report, you've got it with your policies and he's documented what it is, how you've given it out, when you've given it out, you have record of that, that's sufficient.

Audience: Okay, thank you.

Renee Galatto: Yes ma'am.

Audience: I noticed a lot – most of us in the room are using the R2T4 calculation on IFAP. I was at the R2T4 new regulations and was told that the current IFAP calculation is not taking into consideration the new regulations about modules. If we are responsible for these regulations and the department is not updating their software, where can we go to get help? They said they couldn't afford to update the software.

Lisa: Yeah, I wasn't aware of that, so I think –

Audience: I wasn't either, so since July 1, I've been using the software.

Lisa: That the return of Title IV R2T4, the web-based one was not –

Audience: It's not current with the regulation.

Lisa: Okay. Yeah, I was not aware of that.

Audience: Okay. I just want everybody to know –

Lisa: Yeah. Thank you for bringing that to our attention.

Renee Galatto: Thank you.

Audience: I wish you would say I was wrong.

Lisa: I wish –

Renee Galatto: I wish we could, too.

Lisa: - you know, and – but did you ask the question during the session and they said because of funding? Is that what –

Audience: I asked the question out in the hallway because there were too many questions –

Lisa: Okay.

Audience: - and I was told that there wasn't enough funding and we as eight administrators needed to complain to the department that they – if they got enough complaints, maybe they would get enough money. They're also not going to give us verification worksheets.

Lisa: Okay.

Audience: They're not updating a lot of the software things because they can't afford to, but yet we're required to keep up with the regulations and our states are cutting us back as well –

Lisa: Right.

Audience: - no more employees. So –

Lisa: So we'll bring that back also. I understand your frustration but I appreciate you bringing that to our attention.

Audience: I wonder how liable we are in an audit if we've used the software.

Lisa: Well, I think the bottom line is that – what you need to do is that you need to make sure that you're in compliance and if you know that the R2T4, the web-based one, is not as you mentioned, that it's not providing the correct information or, you know it's outdated –

Audience: Yes.

Lisa: - then you would need to not use that if it's providing the incorrect information.

Renee Galatto: They put a warning ____.

Audience: Then there should be a warning out because –

Lisa: Yeah, you know –

Audience: - if I hadn't heard that here, I wouldn't know that.

Lisa: Yeah. And you know what, we need to do is that – and I really do, like I said, appreciate you bringing that to our attention because we need to go back and check with that and then also, your suggestion about putting a warning but I'm sure that they have heard your concern but I will also mention – I will bring that back.

Audience: I also heard that the verification assessment tools are not updated – in fact they disabled it and didn't tell anybody. The '12-'13 is disabled and is not going to be fixed.

Lisa: Okay. So will bring that back, also.

Audience: Okay.

Lisa: Thank you very much.

Audience: Could I interject one thing about the verification worksheets? I asked a gray-haired individual on the site of a presentation about them and he said they are working on it; that they're having trouble figuring out exactly how to format them and make them work for everybody, which is basically the same problem I'm having. And he said but they are working on it and trying to get them out.

Lisa: Okay, so that they're working on the verification worksheet?

Audience: Worksheet. Correct, the worksheet.

Lisa: Okay, thank you very much. We're –

Audience: Well, that's not what I heard [*laughs*]. I heard that yeah, they would like to have verification worksheet, they wish they could have it, but mostly they're sounding very, very negative about it, like, "Don't get your hopes up," because –

Lisa: Well, the bottom line is we will check on this _____.

Audience: Okay, and the verification tool – that's another point that I wanted to make – that they're getting rid of it, the '12-'13, the first year when the new verification regulations come into effect. And they did know about this couple of years ago, this was coming, and it's still not set up. It's just not gonna be there for us. I use it religiously whenever I verify. It's a very important tool for me.

Lisa: Right, and so will bring that up, too. Thank you very much.

Renee Galatto: Yes ma'am.

Audience: Hi. I wanted to also talk – additional comment about the R2T4. I don't use the web-based R2T4 but also, when the new regs came out I was looking for the new template to base – because we actually do it manually and we create our own Excel spreadsheet-based on the template that the Department of Education has and because that the new – there is no new template to go off of, we actually took it upon ourselves to revise our own Excel spreadsheet-based and the regulation says that the math would come out correctly based on the regulations. But that also took a lot of effort to do and – but I would appreciate it if that template also, you know, if there was a new template that could be put on IFAP for us to use sometime in the near future.

Lisa: Okay, will bring that up, too.

Audience: Also, if you would like to see what we came up with, I'd be happy to e-mail it to somebody.

Lisa: Okay. Sure.

Renee Galatto: That would be great.

Audience: Thank you.

Lisa: Thanks.

Audience: Hi. Can you just clarify what you mean by the auditor's opinion finding? Like are you saying the auditor doesn't know what they're talking about or that they were too opinionated in their –

Renee Galatto: Oh, the unqualified opinion?

Audience: Yeah, the unqualified opinion. I just like – I just can't like, sorta reconcile Saddam my mind.

Renee Galatto: Okay.

Audience: Or maybe give an example or something like that.

Renee Galatto: Okay and I'm gonna let –

Lisa: So basically, you probably never had that. That's why –

Audience: I've never had – no, I've never had it.

Lisa: Then that's good.

Audience: Yeah. Thank you, yeah.

Lisa: That's a good sign. Right on. Okay. Yeah, so basically, the unqualified opinion is what you usually should get and then if you got the other one, that is basically there is a – what should I say – a significant and serious issue that the auditor has that they wanna bring to the attention to the audit but if you had an unqualified opinion, then that's great. That's good. Okay?

Renee Galatto: All right. Thank you very much, everyone and we hope you enjoy the rest of the day.

Lisa: Thank you.

[End of Audio]