

Session 11 - Evaluation and Inspector General Presentation

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

- *identify the methods of evaluating student financial aid management,*
- *understand how to prepare for audits, program reviews, and accrediting agency reviews, and*
- *understand the process for each type of review.*

RESOURCES

- 34 CFR Part 602
- 34 CFR 668.23
- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 3
- *Government Accounting Standards*, published by the U.S. General Accounting Office (GAO).
- *The Institutional Guide for Financial Aid Self-Evaluation*, published by the National Association of Student Financial Aid Administrators (NASFAA).
 - ◆ NASFAA
1920 L Street, NW, Suite 200
Washington, DC 20036
Telephone 202-785-0453
 - ◆ Price for Guide – \$15 for members of NASFAA
\$30 for nonmembers

RESOURCES (cont'd)

- *The Self-Evaluation Guide*, found in Toolkit Plus, a financial aid guide published by Executive Management Services for the Career College Association.
 - ◆ EDTECH, Inc.
204 East 25th Street
Kearney, NE 66848
Telephone 1-800-322-3674
- For information on ED's Quality Assurance Program (QAP), contact:
 - ◆ U.S. Department of Education/OPE/SFAP/IPOS
Performance and Accountability Improvement Branch
600 Independence Avenue, SW
ROB-3, Room 3925
Washington, DC 20202-5252
Telephone 202-260-4788
- Toolkit Plus is available for \$345 for a paper version, or \$295 for an electronic version, plus shipping and handling.

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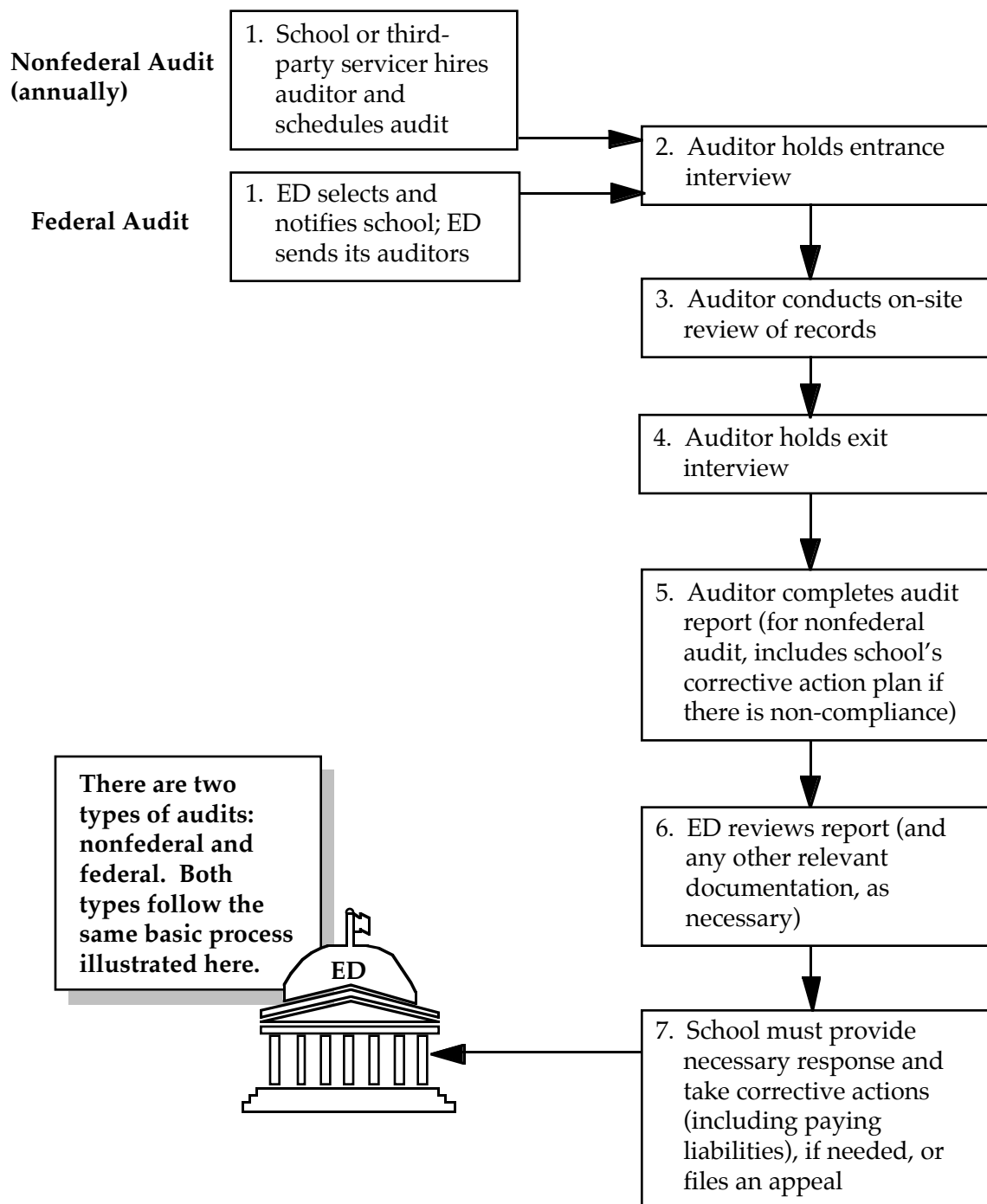
NEED TO KNOW

School Evaluations			
Type	Conducted by...	When...	Required...
1. Audits			
a. Nonfederal Audits	<ul style="list-style-type: none"> Independent certified public accountant 	<ul style="list-style-type: none"> annual—on site 	<ul style="list-style-type: none"> for all SFA program schools for third-party servicers that perform any function related to federal student financial aid programs
b. Federal Audits	<ul style="list-style-type: none"> ED's Office of Inspector General (OIG) 	<ul style="list-style-type: none"> as determined by ED 	<ul style="list-style-type: none"> as needed
2. Program Reviews			
a. ED Program Reviews	<ul style="list-style-type: none"> ED 	<ul style="list-style-type: none"> scheduled by ED 	<ul style="list-style-type: none"> for all SFA program schools
b. Guaranty Agency Reviews (for schools in the FFEL Program)	<ul style="list-style-type: none"> guaranty agency 	<ul style="list-style-type: none"> once every 2 years 	<ul style="list-style-type: none"> for schools with highest FFEL Program loan volume through that agency, and for schools in its state with a default rate of more than 40%
3. Accrediting Agency Reviews	<ul style="list-style-type: none"> peer reviewers agency members 	<ul style="list-style-type: none"> Reviews occur "regularly" 	<ul style="list-style-type: none"> for all SFA program schools
4. Institutional Self-Evaluation	<ul style="list-style-type: none"> your school 	<ul style="list-style-type: none"> not required, but recommended annually 	<ul style="list-style-type: none"> not required, but strongly recommended

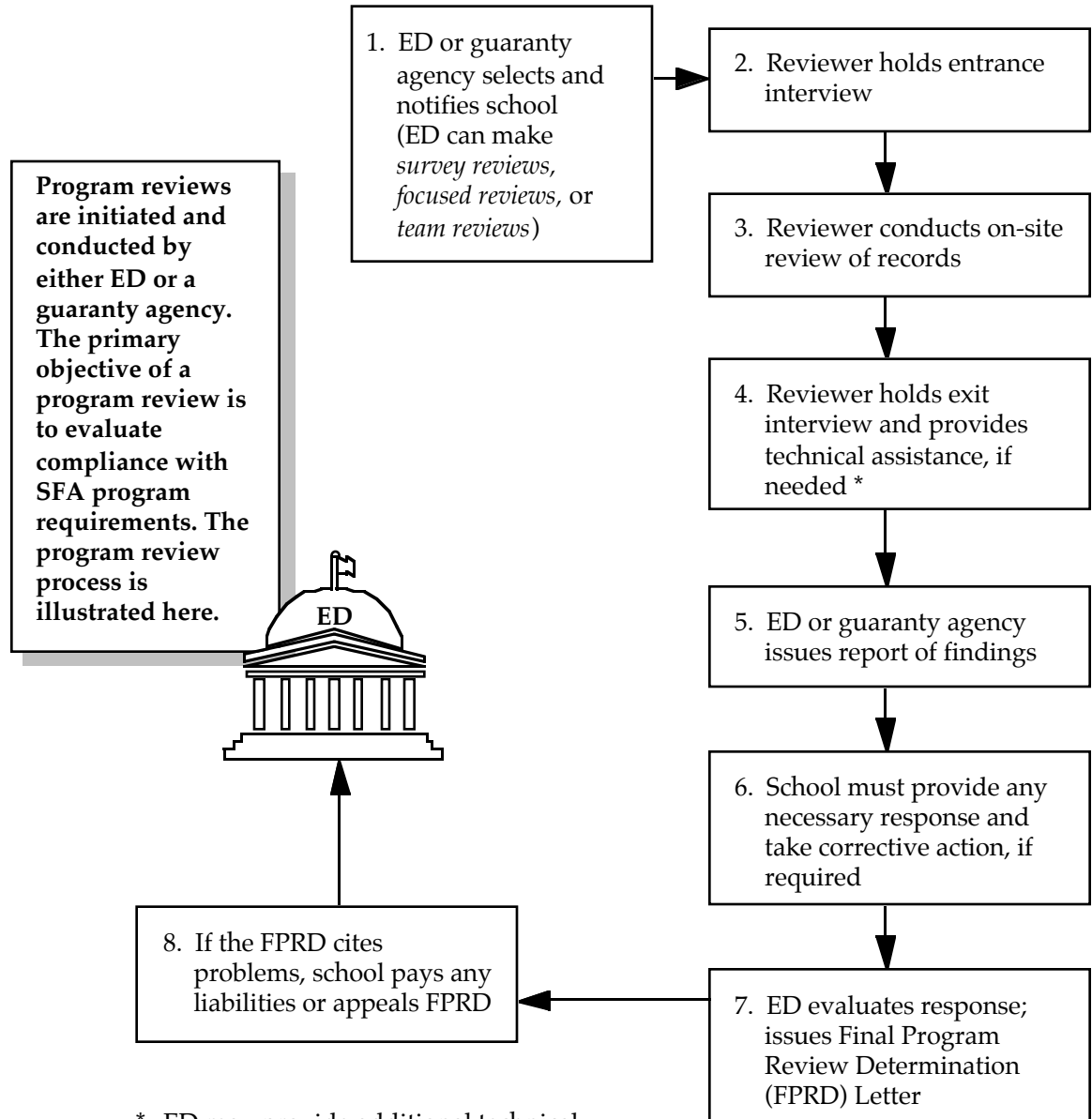
Federal Audit Guidelines

Category	Required Audit Guidelines
Public and private	Revised OMB Circular A-133, <i>Audits of Institutions of Higher Education and Other Nonprofit Organizations</i>
	OMB's <i>Compliance Supplements</i>
	<i>Government Accounting Standards</i>
For-profit	ED's <i>Audit Guide</i> (Official Title: <i>Compliance Audits [Attestation Engagements] of Federal Student Financial Assistance Programs at Participating Institutions</i>)
	<i>Government Accounting Standards</i>
Third-party servicers	ED's <i>Audit Guide</i>
	<i>Government Accounting Standards</i>

Audit Process



Program Review Process



* ED may provide additional technical assistance either on site or off site.

NEED TO KNOW (cont'd)

Title IV Program Review Findings with the Highest Cumulative Assessed Liabilities	
Finding	Cumulative Assessed Liabilities
Ineligible Program — Approval Requirements not met	\$20,663,463
Ability to Benefit — Testing Requirements not met	\$5,114,627
Ineligible student — citizenship	\$3,154,702
Lack of administrative capability	\$3,078,585
Audit report not submitted — closed school	\$3,054,783
Satisfactory academic progress policy not adequately developed/impaired administrative capability	\$1,880,553
Pell — ineligible Pell disbursements	\$1,409,408
Inadequate internal controls/impaired administrative capacity	\$1,217,555
Audit report not submitted	\$1,014,216
Credit/clock hour conversion improperly done	\$936,237
Maximum annual or cumulative FFEL award exceeded	\$921,651
Attendance records missing/impaired administrative capability	\$752,271
Satisfactory academic progress standards not adequately monitored or applied/impaired administrative capability	\$704,581
Refund — FFEL proceeds retained by institution	\$496,505
Refund calculation incorrect	\$381,547
Verification not documented/incomplete	\$368,812
Total	\$45,119,496

*Dollar amounts are for the period October 1, 1995 through September 30, 1996

NEED TO KNOW (cont'd)

About Accrediting Agency Reviews

An accrediting agency evaluates the quality of education or training offered by schools. Schools that participate in Title IV programs must be accredited by a nationally recognized accrediting agency.

It is the responsibility of the accrediting agency to evaluate the quality of education and training a school offers.

Regulations for nationally recognized accrediting agencies require that a review must take place whenever:

- a school establishes a branch campus—a site visit of that branch must be conducted within six months,
- a school has a change in ownership that results in a change of control—a site visit must be conducted within six months, and
- a school provides vocational education or training—an unannounced on-site inspection must be conducted between the date the school's accreditation is granted and the accreditation's expiration date.

These on-site inspections are in addition to the regular evaluations or visits conducted by the accrediting agency.

The accrediting agency must have established standards by which to assess the quality of education or training at a school. (See 34 CFR Part 602.)

Areas evaluated by an accrediting association include, but are not limited to:

- curricula,
- faculty,
- facilities,
- grading,
- recruiting and admissions practices,
- advertising,

NEED TO KNOW (cont'd)

- student success and completion rates in relation to the educational programs offered, and
- records of student complaints.

An accrediting agency's procedures must, at a minimum, include the following:

- an in-depth evaluation of the institution,
- an on-site review,
- agency analysis and evaluation of the institutional self-study, and
- a written report to the institution that assesses compliance with the agency's standards, performance with respect to student achievement, and areas in need of improvement.

PRACTICE

Review Quiz

1. What are four primary functions of an ED program review?
2. Schools participating in the federal student financial aid programs are required to have a nonfederal audit performed _____.
 - a. every five years
 - b. biannually
 - c. when required by state law
 - d. annually
3. Accrediting agencies must conduct a review whenever:
 - a. a school establishes a branch campus
 - b. a school has a change in ownership
 - c. a school doesn't provide vocational education or training
 - d. Both (a) and (b)
 - e. None of the above
4. Unlike audits, program reviews are not required by federal statutes or regulations. True or False?
 - a. True
 - b. False
5. Name three records or other items to which school personnel must provide access for the auditor or reviewer.

PRACTICE (cont'd)

Exercise — Financial Aid Self-Evaluation Worksheet and Plan

Instructions

Step 1:

- Complete the Self-Evaluation Worksheet. Put a check mark in each box where you have solid, established policies and procedures. In the space provided in the worksheet, indicate briefly what those policies and procedures are.

Step 2:

- After you have completed the worksheet, complete the Self-Evaluation Plan that follows.

Self-Evaluation Worksheet

☐ How does the registrar's office notify the financial aid office when it receives academic transcripts from other institutions?

☐ at the time a student enrolls?

☐ after matriculation?

☐ Once classes begin, how does your institution verify that a student is actually attending school?

PRACTICE (cont'd)

- ☐ At what point and how do you determine a student's enrollment status (full time, 3/4 time, and so on)?

- ☐ Does your institution keep a list of all classes offered? Where?

- ☐ Does your institution keep a roster of who is attending those classes? Where?

- ☐ Is there a system of how instructors code, grade, or identify who attended their classes and those who did not?

- ☐ For a student who leaves school in the middle of a term or in the middle of a payment period, how does your institution determine the last day of attendance?

- ☐ How are changes in a student's enrollment status reported to and/or monitored by the financial aid office?

PRACTICE (cont'd)

- ☐ When and how are these changes reflected in a student's aid package?

- ☐ What is the school's satisfactory academic progress policy, including the minimum allowable grade point average?

- ☐ Which office reviews student files to determine a student's satisfactory academic progress status? When is this done?

- ☐ What action is taken if a student is not making satisfactory academic progress?

- ☐ How do the financial aid office and the business office reconcile aid awarded and aid expended?

- ☐ How often is this done?

PRACTICE (cont'd)

- ☐ Who is responsible for forecasting the school's need and eligibility for Title IV funds, and how often are they drawn down?

- ☐ How is this forecast done?

- ☐ Who calculates refunds?

- ☐ Are they verified?

- ☐ By whom?

- ☐ Who makes the refunds and when?

PRACTICE (cont'd)

- ☐ How long does it take between the time you find out a student no longer is attending school and the time a refund is calculated?

- ☐ Does your institution keep a log of refund calculations that includes the time the refund is calculated and the date the check is mailed?

- ☐ Describe your school's default-management plan.

- ☐ Who is responsible for ensuring that the school's admissions, business, and financial aid offices work together and share information?

Self-Evaluation Plan

Based on the worksheet you just completed, identify areas that need attention.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Suggest policies and procedures for improving each area listed above.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

BACK AT THE OFFICE

Back at the office, you should:

- Set up a schedule for submitting required audits in a timely fashion.
- Develop a recordkeeping system that ensures that student aid records are well maintained and easily obtained for review when requested.
- Consider putting in place a self-evaluation process.

- _____

- _____

- _____

ANSWER KEY

Review Quiz

1. What are the four primary functions of an ED program review?
 - ◆ **Monitor compliance with HEA statutes and regulations**
 - ◆ **Provide technical assistance to institutions**
 - ◆ **Refer for administrative action institutions mismanaging or abusing Title IV programs**
 - ◆ **Address and remedy any financial harm to the taxpayer through liability assessment and fines**
2. Schools participating in the federal student financial aid programs are required to have a nonfederal audit performed _____.
 - a. every five years
 - b. biannually
 - c. when required by state law
 - d. annually**
3. Accrediting agencies must conduct a review whenever:
 - a. a school establishes a branch campus
 - b. a school has a change in ownership
 - c. a school doesn't have vocational education or training
 - d. Both a and b**
 - e. None of the above
4. Unlike audits, program reviews are not required by federal statute and regulations. True or False?
 - a. True
 - b. False**

ANSWER KEY (cont'd)

5. Name three records or other items to which school personnel must provide access for the auditor or reviewer.

Any of the following are acceptable.

- ◆ **The school's catalog(s) and other school publications;**
- ◆ **the school's policies and procedures manual;**
- ◆ **the school's Institutional Approval Letter and Program Participation Agreement for federal student financial aid programs;**
- ◆ **all financial records and reports;**
- ◆ **all student records; and**
- ◆ **the school's enrollment data.**