

# Evaluation and Inspector General Presentation

## Instructor's Notes

### Time Estimate:

Lecture	50 minutes
Exercise	20 minutes
Presentation	30 minutes
Total Time:	100 minutes

*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.*

## INTRODUCTION

In this session, we are going to cover methods used to evaluate an institution's Title IV federal student financial aid program management.

» If an ED Office of Inspector General (OIG) representative is available, explain that the session will end with a presentation by a member of OIG.

Evaluating financial aid administration serves two major purposes:

- it maintains the integrity of the Student Financial Aid (SFA) programs by ensuring that schools comply with statutory and regulatory requirements, and
- it helps schools continuously improve how they administer SFA programs.

ED monitors institutions through case management. Most staff in ED's Institutional Participation and Oversight Service (IPOS) are organized into teams consisting of functional experts in four "core" areas of program oversight:

- financial analysis,
- compliance-audit resolution,

- recertification, and
- program review.

Each team has staff in both Washington, D.C., and one of the ten cities where ED has a regional office. Through case management, ED is able to implement efficient and effective actions to ensure program integrity and to improve institutional compliance with laws and regulations. Case management decisions include a full range of options, from providing technical assistance to terminating a school's participation in student aid programs.

The consequences of non-compliance can be very serious for students and schools. Here are a few examples of what can result:

- **Inequitable Student Aid Distribution**—Students at the school may be awarded less or more aid than they are entitled to receive.
- **Institutional Liabilities**—The school may be required to repay any misused funds to ED.
- **Possible Fines, Limitation, Suspension, or Termination**—If audits and reviews identify serious instances of non-compliance, inappropriate use of funds, or fraud, the school may be subject to emergency action and ultimately may lose its eligibility to take part in federal student aid programs.
- **Debarment**—Individuals found responsible for fraud or serious misuse become ineligible to participate in administering Title IV programs and may be barred from involvement in any federal program.

Please turn to the chart on page 4 of your Workbook. [IG, pg. 20]. It provides an overview of the four primary ways that aid administration at your school is evaluated. These are:

1. audits (both nonfederal and federal),

## Instructor's Notes

**PW 4**

Evaluation Methods

## Instructor's Notes

2. program reviews (both by ED and by guaranty agencies for schools taking part in the FFEL Program),
3. accrediting agency reviews, and
4. self-evaluations.

✓ 34 CFR 668.23

Let's take a more in-depth look at each type of evaluation.

## AUDITS

Audits are required by federal law and regulations. They are able to identify deficiencies that can result in institutional liabilities.

In addition to evaluating general statutory and regulatory compliance, audits focus on the accuracy of the way a school determines student eligibility, awards and disburses aid, ensures proper accounting, and completes Title IV reports.

Audit preparation primarily is the joint responsibility of the financial aid office and business office.

- However, the registrar's, admissions, and student employment offices will also be involved in preparing for audits and program reviews.

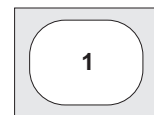
## Types of Audits

There are two types of audits: nonfederal and federal.

The 1992 reauthorization of the Higher Education Act (HEA) requires schools and third-party servicers to perform a two-part **nonfederal** audit. (OH 1)

The two parts are an **annual compliance audit** and an **annual financial audit** of student financial aid programs. The school (or third-party servicer) pays for these audits, hiring an independent public accountant to conduct them. A school may choose to audit its SFA programs and its non-financial-aid programs at the same time.

### Nonfederal Audits



**Instructor's Notes**

Schools and third-party servicers must follow the audit regulations in 34 CFR 668.23. Non-compliance uncovered in an audit can lead to corrective actions; financial liabilities; or limitation, suspension, or termination from participating in SFA programs.

An institution's president/CEO and business officer, as well as the financial aid administrator, need to clearly understand all the audit requirements. Let's look at a few major points.

Schools (and third-party servicers) must prepare both a compliance audit and a financial audit for each fiscal year.

- A compliance audit covers all the school's SFA-program fiscal-year transactions.
- The financial audit is made up of the school's audited financial statements.

Both audits must be:

- performed by an independent auditor,
- conducted according to generally accepted government auditing standards, and
- submitted no later than six months after the last day of the fiscal year.

Schools, third-party servicers, and any agency conducting an audit on their behalf must allow ED access to records, audit work papers, and other documents necessary to review the audits.

- They also may have to provide copies of the compliance audit reports to FFEL Program guaranty agencies or lenders, state agencies, nationally recognized accrediting agencies, and the U.S. Secretary of Veterans Affairs.

**Instructor's Notes**

In addition to adhering to generally accepted government auditing standards, schools must follow specific federal guidelines. The guidelines used depend on the category of the organization being audited. Please turn to the chart on page 5 of your Workbook [IG, pg. 21], which identifies these audit guidelines by category.

» Give participants 1 minute to look over the chart.

Using a case management process and a system of risk analysis, ED targets its resources to schools that are most likely to have fiscal or administrative problems. (OH 2)

Among the actions ED can take is a federal audit.

A federal audit takes, at minimum, three to four weeks on site at a school's (or third-party servicer's) place of business.

Depending on the results of the audit, schools may be subject to corrective actions; financial liabilities; or limitation, suspension, or termination.

### **The Audit Process**

Please turn to the "Audit Process" flowchart on page 6 of your Workbook. [IG, pg. 22]

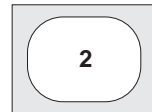
» Give participants 1 minute to review the chart.

We will discuss the steps in the audit process, using the flowchart as a guide.

Nonfederal and federal audits follow the same basic process, with some differences.

Take a look at the boxes numbered "1." You'll see that for:

- nonfederal audits, the school hires an independent auditor and schedules the audit, and for
- federal audits, ED sends the school notification of when the audit will be held.

**PW 5****Federal Audits****PW 6**

As you can see from Boxes 2 through 7, in both types of audits, certain steps are the same:

- The auditor and school personnel meet in an entrance interview to discuss the objectives and procedures of the audit. [Box 2]
- The auditor conducts an on-site review of the school's fiscal and financial aid records for the most recent year (or years), as well as other school matters, such as accreditation, facilities, and so on. [Box 3]
- The auditor and school personnel meet in an exit interview to discuss the auditor's findings. [Box 4]
- The auditor completes a written audit report. [Box 5]

There are three possible audit outcomes:

- No findings of non-compliance.
- Findings of non-compliance that did not result in improper use of funds (no liability assessed).
- Findings of non-compliance that resulted in improper use of funds (liability assessed).

In both types of audits, the school must respond, in writing, to any audit findings of non-compliance.

- In a nonfederal audit, the school must respond to findings of non-compliance with a corrective action plan that becomes part of the auditor's report. [Box 5]
- But in a federal audit, the school may submit a corrective action plan later, as part of the response to findings of non-compliance in the federal audit report. [Box 7]

ED reviews the completed audit report for format, completeness, and adherence to regulations and program standards.

## Instructor's Notes

### Note to Instructor:

A school's first performed audit must cover the entire period of time since the school began to participate in Title IV programs. Each subsequent audit covers the period since the preceding ED-accepted audit.

### Note to Instructor:

The school may respond to a federal audit even if a corrective action plan is not required.

**Instructor's Notes**

- After this initial review, if there are findings, ED determines any corrective action(s) the school must take and any liabilities to be paid. [Box 6]
- The school takes necessary corrective actions and pays liabilities, if any, or files an appeal. [Box 7]

The same process is followed for a third-party-servicer audit. Except, if a third-party servicer owes a liability, the servicer also must notify:

- the schools whose contracts were involved with the liability and
- all other schools with whom the servicer has a contract.

The liability must be paid by the servicer.

Nonetheless, a school is still held responsible for any liability not paid by the school's servicer if the violation occurred while servicing that school.

## **PROGRAM REVIEW**

Federal Title IV program reviews are similar to federal audits and are initiated and conducted either by ED or a guaranty agency handling FFEL Program loans.

A review may cover many of the same areas as an audit, including fiscal operations and accounting procedures.

However, reviews tend to focus more on statutory and regulatory requirements specific to Title IV programs, such as: (OH 3)

- student eligibility and records,
- SFA program fund requests and transfers,
- due diligence in the loan programs, and
- documentation for the school's Title IV reports.

**Instructor's Notes**

Reviews have four primary functions:

- First, they monitor compliance with HEA statute and regulations.
- Second, they enable ED to provide technical assistance to institutions either during or after the on-site review.
- Third, if institutions are seriously mismanaging or abusing Title IV programs, they refer them to ED for administrative action.
- Fourth, they address and remedy any financial harm to the taxpayer through liability assessment.

The HEA requires that an institution participating in any Title IV program cooperate with ED when audits, investigations, and program reviews are conducted. An institution's cooperation must include providing timely access to:

- the records required by regulations and any other pertinent documents,
- its employees, and
- recipients of Title IV aid.

Please turn to the “Program Review Process” flowchart on page 7 of your Workbook. [IG, pg. 23]

**PW 7**

As the chart shows, a guaranty agency or ED program review process is similar to the audit process.

» Give participants 1 minute to review the chart.

As shown in Box 1, there are various types of ED program reviews:

- a survey review,
- a focused review, and
- a team review.



ED uses information from a variety of sources and analyses done by its case management teams to determine which institutions to select for which type of program review.

Additionally, ED is developing a risk analysis system that will help select institutions for review and identify the areas that need to be examined most closely. The risk analysis system is expected to be operating within a year. When it is fully implemented, ED will still conduct a number of reviews selected at random to test and refine the risk analysis system.

In a survey review, which is the standard approach, one or more reviewers will examine the institution's policies, procedures, and records with two things in mind:

1. those factors that identified an institution as a review candidate and
2. the current year's Program Review Focus Items.

The reviewers will also examine any compliance issues that arise during the course of the review. Survey reviews generally are announced in advance.

Focused reviews differ from survey reviews in the initial scope of the items examined; the reviewer examines only a selected set of items, identified by the case team's analysis of areas of potential noncompliance. However, the reviewer may expand the scope of the review at any time if circumstances warrant.

Team reviews may result from either a survey review or a focused review. If the reviewer determines on site that additional staff is needed to more fully investigate possible serious problems in the way an institution administers student financial aid programs, the case team may expand the review.

Team reviews may also be scheduled without a prior survey review or focused review, as a result of information received

## Instructor's Notes

### Survey Reviews

**Note to Instructor:**  
The Program Review Focus Items include such issues as complete student files and records of entrance and exit interviews.

### Focused Reviews

### Team Reviews

**Instructor's Notes**

from another source, such as an ED Inspector General (IG) report from IG/Audit or IG/Inspection, a FFEL agency, or a state, indicating significant systemic problems in an institution's administration of the programs.

Although most program reviews are announced in advance, ED may conduct an unannounced program review if, in the case management team's judgment, circumstances merit it.

In both ED and guaranty agency reviews, the program reviewers look at records for the current award year and one or more previous award years.

Still looking at the Program Review Process chart on page 7 of your Workbook, you'll see that:

**PW 7**

- The reviewer and school personnel meet in an entrance interview to discuss and review objectives and procedures. [Box 2]
- The reviewer conducts an on-site review of the school's fiscal and financial aid operations and systems, accounting procedures, financial aid records and academic records. ED also interviews school personnel and may interview students. [Box 3]
- The reviewer and school personnel usually meet in an exit interview to discuss reviewer findings. The reviewer may provide technical assistance by offering recommendations for corrective actions, if needed. [Box 4]
- In some cases, ED may provide additional technical assistance after the on-site program review is conducted.
- ED or the guaranty agency issues a report to the school that details review findings, any required corrective actions, and recommendations. [Box 5]
- The school must respond to any review findings within 30 days. [Box 6]

**Instructor's Notes**

- The school takes corrective action, if required. [Box 6]
- ED evaluates the school's response and issues a Final Program Review Determination (FPRD) Letter that states any liability that must be paid. [Box 7]
- The school pays liabilities, or it may appeal the FPRD. [Box 8]

Let's take a look at page 8 of your Workbook, at the list of common program-review findings. This will give you an idea of the major problems to avoid. [IG, pg. 24]

» Allow participants 1 minute to look over the common program-review findings.

**PW 8**

### **How to Prepare for an Audit or Program Review**

A school's preparation is similar for nonfederal and federal audits and for ED and guaranty agency program reviews.

The school must provide the auditor/reviewer with on-site access to numerous records, which include:

- 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.

Photocopies of some records may be requested ahead of time by the reviewer and sent by the school to the reviewer prior to the on-site review.

- However, all records should always be available on site for the reviewer at the time of the review. Because

## Instructor's Notes

ED program reviews may be unannounced, you will want to be sure to develop a recordkeeping system that ensures that student aid records are well maintained and easily obtained for review when requested.

- The school should have informed personnel available to answer any questions the auditor/reviewer might have.

Familiarity with the documents that will be required for nonfederal and federal audits and program reviews can assist your financial aid office in establishing and maintaining effective administrative procedures.

As you just saw, some of the most common problems found during audits and program reviews result from inadequate administrative procedures or missing documentation. These problems easily can be determined and corrected.

Self-evaluation, which we will discuss later, is a key to good management **and** preparation for audits and reviews.

- It's a primary tool for preventing institutional liability.

For more information on audits and program reviews, refer to the Handbook, Chapter 3.

Are there any questions?

## ACCREDITING AGENCY REVIEWS

As mentioned in Session 3, schools that participate in TitleIV student financial aid programs must be accredited by a nationally recognized accrediting agency. Schools may designate **institution-wide** accreditation by **only one accrediting agency**.

- It's possible that a school may have institution-wide accreditation from more than one accrediting agency. If so, **the school must designate** the one accrediting agency for ED to use in determining the school's

eligibility and continued eligibility to participate in Title IV programs.

**Q: Which accrediting agencies are you familiar with?**

**A: [to come from participants]**

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

Recent regulations set even stricter standards\* for nationally recognized accrediting agencies than before, including requiring that an accrediting agency 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.

Beginning on page 9 of your Workbook, you'll find a brief description of accrediting agency reviews. [IG, pg. 25] Take a few minutes to read this information.

» Allow participants 3 or 4 minutes to read "About Accrediting Agency Reviews" in the Workbook.

Are there any questions before we go on to a review quiz?

## REVIEW QUIZ

Please turn to page 11 of your Workbook and answer the questions in the review quiz. After you have answered the questions, we will review your answers.

» Allow participants 3 minutes to complete the review questions before reviewing the answers.

## Instructor's Notes

\*These standards and requirements are in 34 CFR Part 602.

\*\*Unannounced on-site inspections do not go into the same degree of detail as scheduled on-site visits. The inspection determines whether the institution has the personnel, facilities, and resources claimed during the scheduled on-site visit.

**PW 9**

**PW 11**

**Instructor's Notes**  
**PW 11**

**Q1: What are four primary functions of an ED program review?**

- A1:**
- Monitor compliance with HEA statute 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.

**Q2: Schools participating in 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

**A2: (d) annually**

**Q3: 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

**A3: (d) Both (a), whenever a school establishes a branch campus, and (b), whenever a school has a change in ownership**

## Instructor's Notes

**Q4: Unlike audits, program reviews are not required by federal statute and regulations. True or False?**

**A4: False. Program reviews, like audits, are key to maintaining the integrity of the SFA programs. As a result, both are required by law and regulations.**

**Q5: Name three records or other items to which school personnel must provide access for the auditor or reviewer.**

**A5: 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.**

## SELF-EVALUATION

### The Process of Self-Evaluation

Self-evaluation provides a way of maintaining internal quality control and improvement and serves as an effective management tool. Although it is not required by regulations, self-evaluation of how federal student financial aid programs are managed is **strongly recommended**.

Important benefits include:

- **thorough preparation for required audits and program reviews;**

**Instructor's Notes**

- continual assessment of the effectiveness of your student aid operations, procedures, and policies, as well as a measurement of the efficiency and quality of service to students; and
- prevention of major liabilities by detecting and correcting small problems before they become big problems.

The responsibility for self-evaluation rests with the school.

Each school participating in Title IV programs is strongly urged to establish a system that will:

- evaluate its fiscal and financial aid administration, coordination, and operations and
- objectively review its student aid policies and procedures.

Now let's talk about five suggestions for establishing a regular and consistent routine of self-evaluation. (OH 4)

- First, establish a comprehensive evaluation system. To do this, we recommend using one of the following publications (you'll find order information on pages 1 and 2 of your Workbook):
  - *The Institutional Guide for Financial Aid Self-Evaluation*, which is published by NASFAA.
  - *The Self-Evaluation Guide*, which is found in Toolkit Plus, a financial aid guide published by Executive Management Services for the Career College Association.
- Institute a quality-improvement plan. There's a lot of information published about quality improvement. Take advantage of it. ED can also help.
  - In a moment we'll talk about ED's Quality Assurance Program.
- Publish an annual report on student aid operations.

4

**PW 1-2**



**Instructor's Notes**

- Compile data (at the end of each academic term or semester) through written evaluations from graduating student-aid recipients.
- Participate in peer evaluation with another school, or schools, where each school objectively observes and evaluates the other's financial aid operations on a regular basis.

We'd like to emphasize that these five points are **suggestions** for self-evaluation—not requirements.

### **Quality Assurance Program (QAP)**

Some of you may be interested in ED's Quality Assurance Program (QAP).

- QAP is a quality-improvement program that:
  - focuses on prevention and results,
  - increases financial-aid award accuracy,
  - improves the efficiency of the way Title IV programs are managed and delivered to students, and
  - is an ED/school partnership that works.

QAP focuses on strengthening a school's capabilities to find, analyze, correct, and prevent financial aid errors.

- Schools that participate in QAP are exempt from certain ED reporting and verification requirements because they develop an institution-specific program on the basis of data gathered through the cycle of QAP activities.

There are currently 150 schools participating in QAP, and ED is continuing to expand this program to more schools and to more management processes and procedures. Schools that are interested in more information or in participating in this program should contact ED's Performance and

**Instructor's Notes**

Accountability Improvement Branch at the address or telephone number listed on page 2 in your Workbook.

**PW 2**

Are there any questions?

## **EXERCISE: FINANCIAL AID SELF-EVALUATION WORKSHEET AND PLAN**

The exercise beginning on page 12 of your Workbook, a Financial Aid Self-Evaluation Worksheet and Plan, [IG, pgs. 27-32] is designed to help you assimilate concepts learned so far and to help you get a start on your own self-evaluation. Participants from the same school should work together and complete the worksheet and Self-Evaluation Plan that follows.

**PW 12-17**

After you complete the exercise, we'll go through it. Those of you who already have procedures in place and solutions that work well can volunteer that information. Those of you who have questions about particular areas can ask for suggestions.

Approach the exercise with the idea of identifying areas that need improvement and areas where you might have solutions you'd like to share.

- » Allow participants 10 minutes to complete the exercise.
- » Go over the answers one by one. Conclude with a discussion of the Self-Evaluation Plans, including asking for questions, suggestions, and solutions from participants.
- » If an ED Office of Inspector General representative is present, have him or her make a 30-minute presentation.

## **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

**PW 18**

**Instructor's Notes**

easily obtained for review when requested. Also, consider putting in place a self-evaluation program.

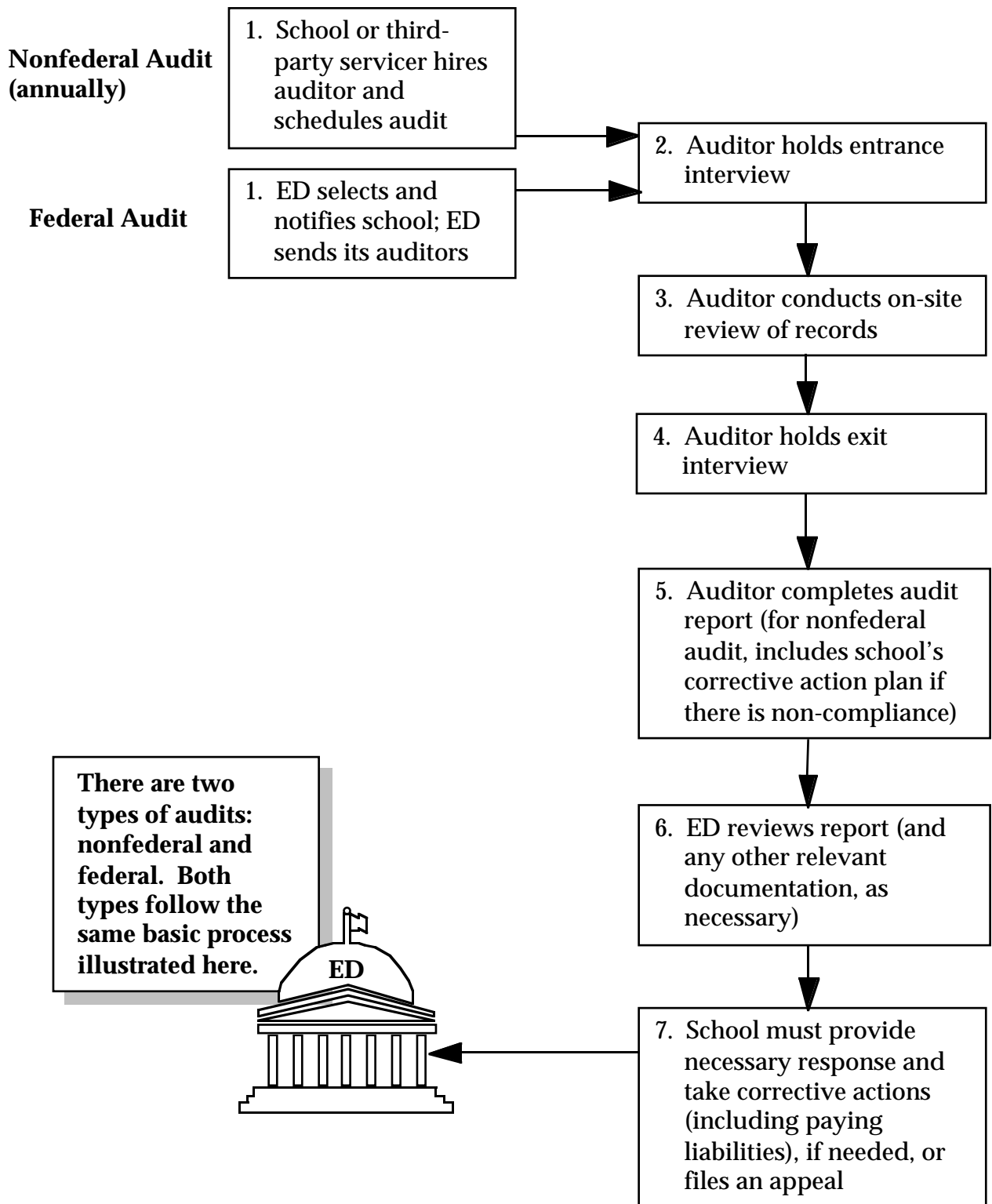
What else should you do when you return to your office?

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

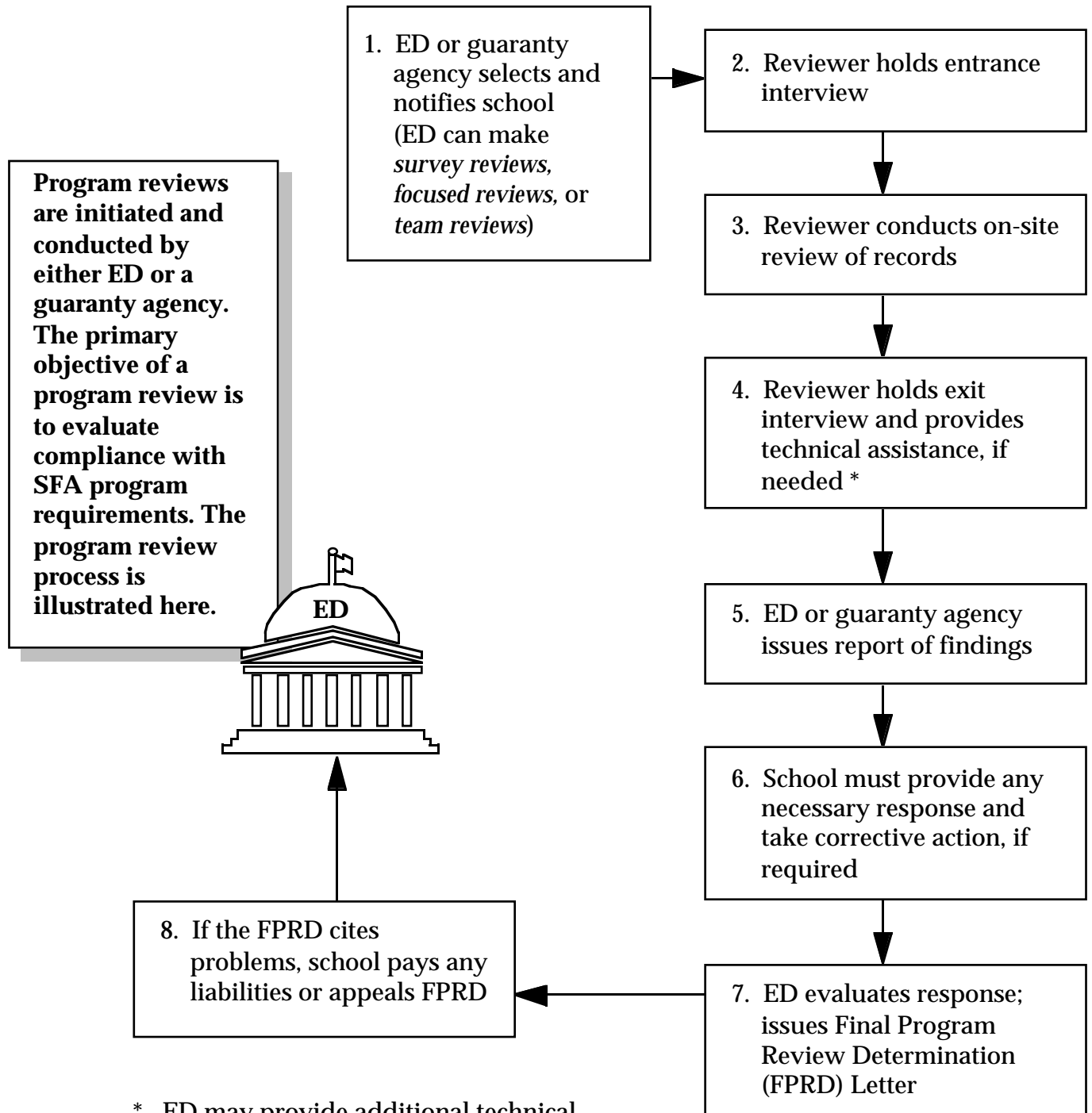
## FEDERAL AUDIT GUIDELINES

School Category	Required Audit Guidelines
Public and nonprofit	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	<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	<i>Audit Guide</i>
	<i>Government Accounting Standards</i>

# Audit Process



# Program Review Process



## Title IV Program Review Findings with the Highest Cumulative Assessed Liabilities

Finding	Cumulative Assessed Liabilities
Ineligible program — approval requirements not met	\$20,633,463
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.



## About Accrediting Agency Reviews (as it appears in the *Participant's Workbook*, pages 9 and 10)

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,
- ◇ 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.

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**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 on 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?

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- ☐ after matriculation?

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

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

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

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

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

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- ☐ 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?

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

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

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

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

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

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

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- ☐ How often is this done?

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

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- ☐ How is this forecast done?

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- ☐ Who calculates refunds?

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- ☐ Are they verified?

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- ☐ By whom?

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- ☐ Who makes the refunds and when?

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- ☐ 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?

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

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

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

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# 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. \_\_\_\_\_