



Demystifying the Title IV Audit or Program Review

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Agenda

- Onsite Review Preparation
- Responding to a Preliminary Audit Determination
- Proactive Preparedness to Avoid Findings
- Did You Know...
- Questions?



I've been selected for a
Program Review...

Now what?



DON'T PANIC!



Preparation for Onsite Visit



Preparation for Onsite Visit

- Don't panic!
- Communication
 - Prepare and get organized
 - Assign the right resources to the reviewers
 - Take the opportunity to develop the relationship now
 - Gain trust



Preparation for Onsite Visit

- Organize student files
- Pull policies and procedures
- Have a workspace / meeting area and photocopier available



Responding to a Preliminary Audit Determination



Project Management

- Responding to an audit or program review is a project.
- A project is a temporary endeavor undertaken to achieve a unique goal.



Project Management

- How are we going to get this done?
- Demystify!
- Shine a light on the unknowns
 - Scope
 - Effort
 - Resources
 - Deadlines



Project Management

- What do you have to do?
- Who do you have available to do it?
- How long do you have to deliver?



Project Management

Example:

5,000 student files to review
x 20 minutes of prep / review per student file
x 4 resources with 50% availability
= 21 weeks of work



Project Management

- Note: This number may not be within the mandated deadline for the submission of your response.
- What do you do? Set expectations and adjust.



Project Management

Tip:

Ask questions early.

It may take longer than expected
to get your answer back...



Develop Goodwill

- Increase understanding and set expectations
 - Transparency
 - Gain flexibility
- Be forthcoming and honest
- Remember: Reviewers have a job to do as well
 - Formatting of the response
 - Submission of the response before deadlines



Develop Goodwill

Tip:

Consider putting together a presentation for the reviewers that walks them through the findings, results, and justifications for the reasons you approached the responses the way you did.



Response Considerations

- Considerations
 - Reviewers are not infallible
 - Don't be afraid to ask, but justify your request
- Research your options
 - Extensions
 - Reduced / eliminated findings
 - Potential student samples (projection of error rates)
 - Estimated Loss Formula for loans



Response Considerations

- Legal Counsel
 - Industry experience and legal precedent
 - Legitimize / vet requests before submission
 - Produce and submit formal communications on behalf of the institution
 - Not meant to be an aggressive action or litigious



Top Findings

- Any finding you had last year – avoid repeat findings!
- Verification – documentation and signatures, conflicting information, Professional Judgment documentation and consistency



Top Findings

- Pell – incorrectly awarded Pell grants, incorporation of ISIR updates, LEU remaining, crossover terms, eligible amount based on credits enrolled
- Direct Loans – over-awarded Subsidized DL based on Remaining Need, classification of Need Based / Non-Need Based funds



Top Findings

- SAP – qualitative and quantitative compliance, consistent application, SAP Appeal (Probation / Suspension)
- R2T4s – timing and deadlines, LDA and DOD, percent earned, classification of Institutional Charges and Inadvertent Overpayments



Top Findings

- Record Keeping & Reconciliation – Inaccurate or untimely reporting of transaction dates, failure to reconcile transaction dates between institutional ledger and G5, reconciliation of Title IV accounts monthly.
- Pay special attention to anything with a date or deadline that can be easily monitored and identified.



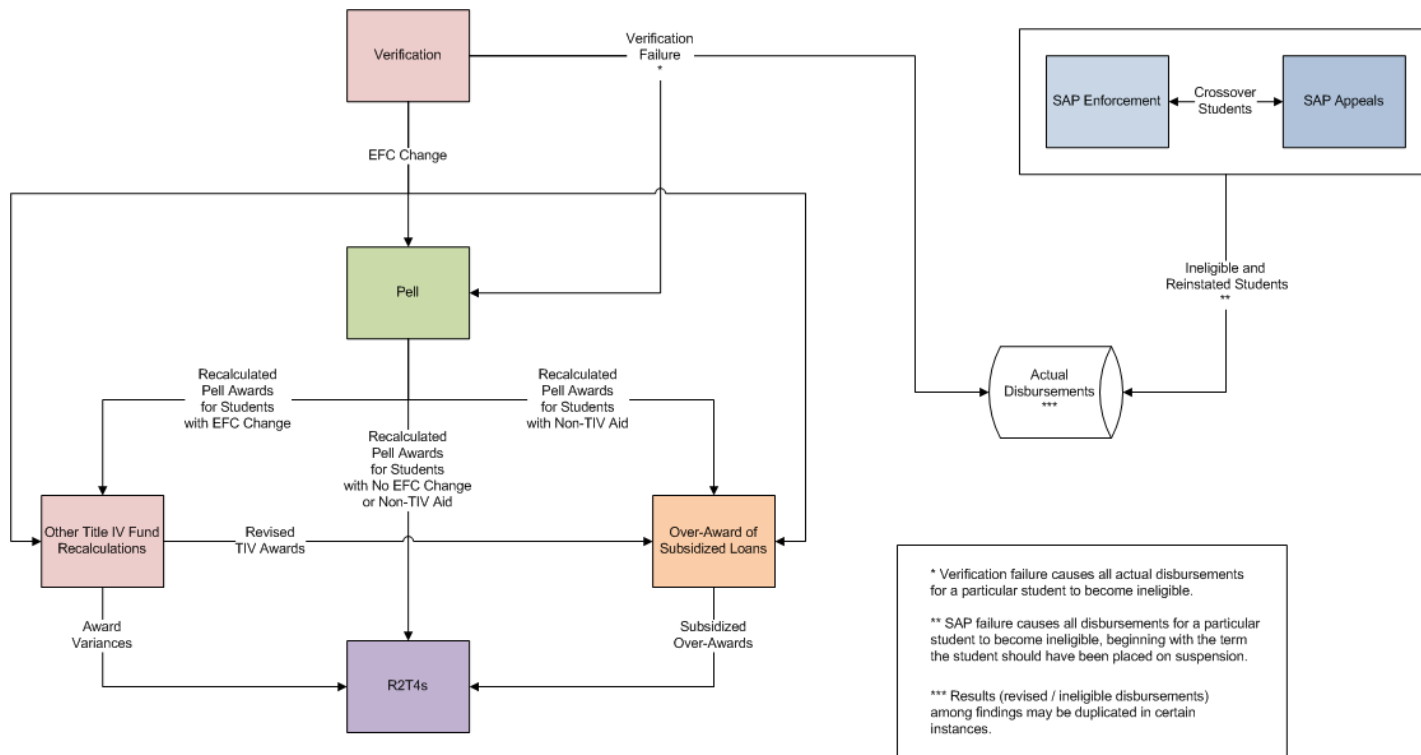
Top Findings

Tip:

Consider the inter-relationships among the various findings you are required to recalculate. Outputs from upstream recalculations may affect inputs downstream.



Top Findings





Top Findings

Tip:

You are allowed to work with the reviewers to fix issues while they are on site.



Best Practices for Preventing Findings



Documentation & Consistency

- Documentation
 - Compliant Policies and Procedures Manual that is accessible to operational resources
 - Complete student files with appropriate notations
 - Audit trail of actions taken and their reasons
- Consistency
 - Across campuses and within departments
 - Across student populations and terms



Voluntary Pre-Emptive Reviews

- Perform preliminary interim assessments (sample your records for QA review regularly).
- Reviewers appreciate proactive approaches to finding and fixing issues.
- Do right by the student.



Voluntary Pre-Emptive Reviews

- Why? What is the alternative?
 - Returns, penalties, heightened cash monitoring, loss of Title IV funding
 - Voluntary reviews can be burdensome (time and resources), but it can be better to bite the bullet now rather than later.



Did You Know...



Did You Know...

- You may be responsible for returning grant funds to the Department.
- You may be responsible for refunds / returns of loan funds to the student and/or servicer (which may have substantial logistical difficulties).



Did You Know...

- You may be responsible for engaging an Independent Public Accountant (IPA) to audit your results before you submit them.
 - Both your results, and the IPA's audit opinion, are due by the deadline (effectively shortening your deadline).
- You are allowed to consult with a third-party / external partner in order to assist you with the response effort.
 - Assist with operational resource constraints
 - Assist with specific knowledge, project management, communication



Questions?

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