

Title IV Compliance Pitfalls

Lessons from Real Audit Findings

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Learning Objectives

Why Title IV findings are
important to CFOs

4 Common Findings

CFO Oversight Questions

References

Why Title IV findings are important to CFOs

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Why Title IV findings are important to CFOs

- Money timing → Cash management, COD, R2T4
- Student status integrity → NSLDS, eligibility, C-flags
- Oversight failures → Servicers, GLBA, incentive compensation



4 Common Findings

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1. NSLDS Reporting

- NSLDS Reporting
 - Misaligned dates = incorrect loan status
 - Late reporting (>60 days) = automatic noncompliance
 - Often caused by registrar + Financial Aid disconnect
- The Impact:
 - Repeat audit findings
 - OIG scrutiny
 - Increased sampling in current and/or future audits

Report every 60 days if not sooner

- Be cognizant of the students who have ceased attendance at the end of the Spring term and have not registered for classes in the Summer or Fall Term
- Documentation of future enrollment may include:
 - Communication with admissions, financial aid or advisors about intent to register for classes
 - Documentation in the institutions system that student has enrolled for future classes

Last Day of Attendance

- Report the last day of academically relevant activity to NSLDS, not the date of determination.

2. Common Origination and Disbursements (COD) Testing

- Common Origination and Disbursements (COD) Testing
 - COD is the federal system of record
 - Student ledger discrepancies raise questioned cost risk



Ensure dates and amounts in the student's account, i.e. student ledger, student register or etc., match the dates and amounts in COD

3. Return of Title IV Funds (R2T4)

- R2T4
 - Last Day of Attendance (LDA) drives everything
 - Incorrect determination dates = wrong refunds
 - “Could Have Been Disbursed” fund omissions = under-return risk

Date of Determination is not before Last Day of Attendance

- The Last Day of Attendance (LDA) is the last day the student had any academically relevant activity

- The Date of determination is the date the school determined the student is no longer attending

Ensure all Title IV funds are included in the calculation

4. FPS (FAFSA Processing System) C Flag

- FPS C Flag
 - C flags = eligibility uncertainty
 - Disbursing before resolution = compliance failure

Not all comment codes require action

The following FPS C Flag require action:

- 018 to 020, 040, 076, 096, 127, 155, 158 to 160, 162 to 165, 216, 217, 221 to 253, 255, 256, 258, 260, 261, 264, 265, 276, 277, 281, 288, 289, 293, 294, 303, 325, and 326.

CFO Oversight Questions

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CFO Oversight Questions

NSLDS Reporting

- How do we validate effective dates?
- Who reviews 60-day compliance?

Common Origination and Disbursement (COD) Testing

- How often are COD reconciliations reviewed?
- Who “owns” the process when discrepancies exist?

Return of Title IV Funds (R2T4)

- How is LDA documented and approved?
- How do we ensure “Could Have Been Disbursed” funds are evaluated?

FPS C Flag

- Who verifies documentation before disbursement?
- How is eligibility review evidenced?

References

OMB Website

<https://www.whitehouse.gov/omb/information-resources/guidance/compliance-supplement/>

Handbook, Manuals and Guides

<https://fsapartners.ed.gov/knowledge-center/library/resource-type/Handbooks%2C%20Manuals%2C%20or%20Guides>

FSA Handbook

<https://fsapartners.ed.gov/knowledge-center/fsa-handbook>

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