Financial Aid Compliance Update: What You Need to Know

Constant Change for Higher Education

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2.19.2025

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Learning Objectives

- Participants will gain a deeper understanding of:
  - Current challenges with FAFSA processing
  - Effective interdepartmental communication methods
  - Resourcefulness and creativity in financial aid
  - Long-term benefits of building compliance into weekly, monthly, and annual checklists

FAFSA Challenges

- Valid Institutional Student Information Records (ISIRs)
- Importing ISIRs
- Student aid index
- Pell calculations
- Need analysis in system calculations
- Updating ISIRs in the Central Processing System (CPS)

FAFSA Changes (continued)

- Technology updates to process aid
  - Hardware required
  - Software required
  - Lead time and testing of each
- Frequent rule changes
  - FSA Partner Connect Letters

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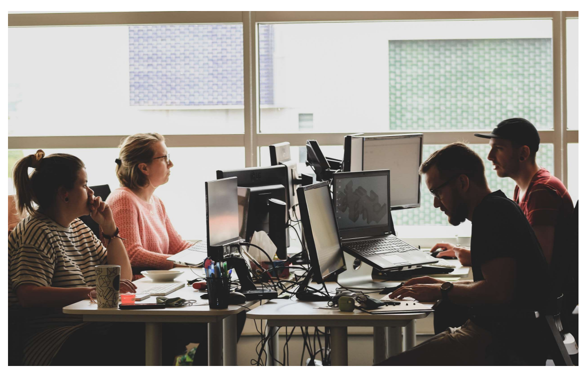
Effective Interdepartmental Communication Methods



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Effective Interdepartmental Communication Methods (continued)

- Choosing to be a team: One team, One plan, One goal
- Start with your goal
- Filter through risks
- Create your plan
- Identify the team and roles

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Effective Interdepartmental Communication Methods (continued)

- Set a cadence (weekly, bi-weekly, monthly)
- Choose a medium or mediums (in-person, video call, conference call)

- Think back on examples of when multiple departments worked really well, really fast together. What made them successful at your institution?

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Effective Interdepartmental Communication Methods (continued)

- Think back on examples of major pain points at your institution. What could have been done differently?
- 8 of the top 10 common audit findings are not solely one department's responsibility.

Top 10 Most Common Audit Findings

Top Ten Domestic School Audit Findings by Number of Findings for Fiscal Year 2023

Finding Code Description	Number of Findings	Percent
STUDENT STATUS - INACCURATE/UNTIMELY REPORTING	900	16.5%
REPEAT FINDING - FAILURE TO TAKE CORRECTIVE ACTION	808	14.8%
RETURN TO TITLE IV (R2T4) CALCULATION ERRORS	501	9.2%
RETURN OF TITLE IV FUNDS MADE LATE	383	7.0%
STUDENT CREDIT BALANCE DEFICIENCIES	250	4.6%
QUALIFIED AUDITOR'S OPINION CITED IN AUDIT	204	3.7%
CARES ACT - HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF) NON-COMPLIANCE	201	3.7%
INACCURATE DISBURSEMENT DATES/AMOUNTS REPORTED TO COD	194	3.6%
ENTRANCE/EXIT COUNSELING DEFICIENCIES	181	3.3%
PELL--OVERPAYMENT/UNDERPAYMENT	166	3.0%
Total Top Ten Deficiencies	**3,788**	**69.5%**
Total 2023 Deficiencies	**5,454**	**100.0%**

Note: The Missing Closeout Audit finding was excluded from these totals.

Source: studentaid.gov/data-center/school/fines-and-findings

Top 10 Most Common Program Review Findings

Top Ten Domestic School Program Review Findings by Number of Findings for Fiscal Year 2023		
Finding Code Description	**Number of Findings**	**Percent**
STUDENT STATUS - INACCURATE/UNTIMELY REPORTING	47	9.6%
RETURN TO TITLE IV (R2T4) CALCULATION ERRORS	35	7.2%
STUDENT CREDIT BALANCE DEFICIENCIES	28	5.7%
INACCURATE RECORDKEEPING	21	4.3%
ENTRANCE/EXIT COUNSELING DEFICIENCIES	20	4.1%
LACK OF ADMINISTRATIVE CAPABILITY	18	3.7%
SATISFACTORY ACADEMIC PROGRESS POLICY NOT ADEQUATELY	17	3.5%
PELL--OVERPAYMENT/UNDERPAYMENT	16	3.3%
CONSUMER INFORMATION REQUIREMENTS NOT MET	15	3.1%
CREDIT/CLOCK HOUR CONVERSION IMPROPER	15	3.1%
INACCURATE DISBURSEMENT DATES/AMOUNTS REPORTED TO COD	15	3.1%
Total Top Ten Deficiencies	**247**	**50.6%**
Total 2023 Deficiencies	**488**	**100.0%**
Note: The Missing Closeout Audit finding was excluded from these totals.		

Source: studentaid.gov/data-center/school/fines-and-findings

Resourcefulness and Creativity

- Professional colleagues and connections
  - Listserves
  - Social media groups
  - Department of Ed Rep
  - Technology department
  - Online mediums for research (FSA Handbook, Google, ChatGPT)

Resourcefulness and Creativity (continued)

- Calculation tools within Excel
  - Mround (specifically for Pell)
- Special circumstances
- Know what other schools are offering
- Ask prospects, “What would it take for you to come here?”

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Long-Term Benefits

- Begin with the end in mind — full compliance and efficiency
- Build compliance into processes
- Build controls into processes, including documentation; how can someone else follow it?
- Identify resource needs (people, technology, and capacity)

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Long-Term Benefits (continued)

- Create daily, weekly, monthly, quarterly, and annual checklists
- Identify and define organizational system of recordkeeping
- Develop achievable, agreed-upon timelines

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Long-Term Benefits (continued)

- Checklists provide proof that the work was done and when it was completed
- System of record allows data to be pulled for an audit or for someone new, with little time spent
- The mental load of potential errors occurring is reduced, freeing up time for more valuable work

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Considering Title IV Participation? Strings Attached…

- Prior two years of audited financial statements in accordance with *Government Auditing Standards*
  - Financial Responsibility Supplemental Schedule
  - Expanded related party disclosures
- Calculate anticipated ROI
  - Recurring administrative costs of the program
  - Anticipated enrollment increases

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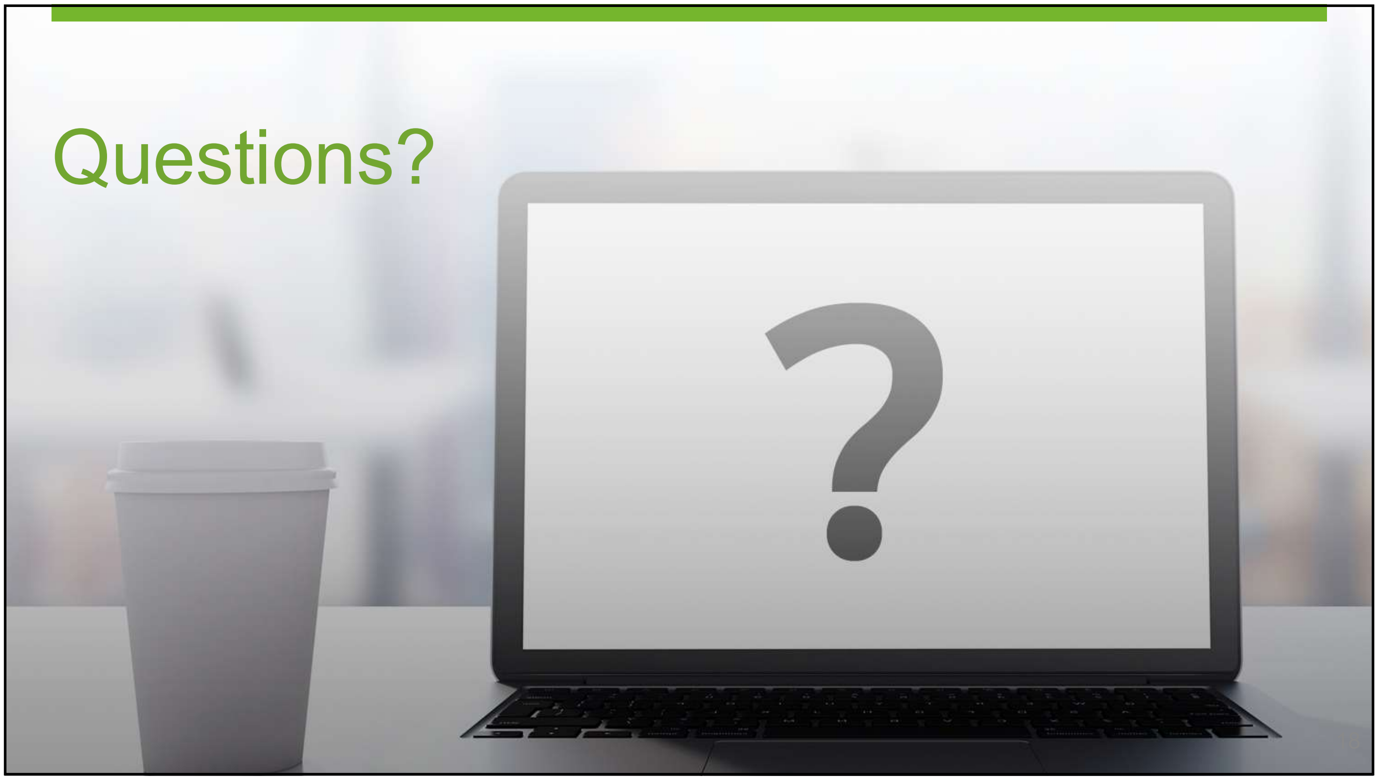
Questions?



Additional Information

Program Participant Agreement (PPA)

- Essentially the contract signed with the U.S. Department of Education (ED)
- President signs (designate internal owner of content)
- References include Higher Education Act, Gramm-Leach-Bliley Act, and others
- Valid PPA requirements

Demonstrating Administrative Capability

- Limited findings, especially repeat findings
- Timely response to any ED requests
- Organized compliance files
- GEN-24-07

Current Developments and Updates

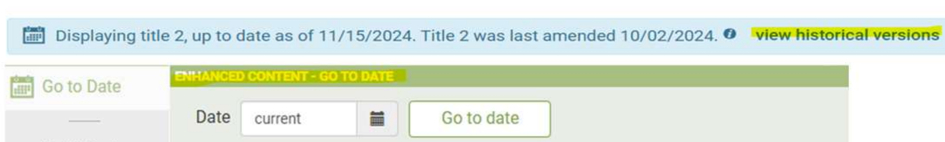
- Changes in Uniform Guidance
- Financial Responsibility Supplemental Schedule and Expanded Related Party Footnote Disclosures
- Financial responsibility and triggering events
- Institutional eligibility requirements
- FAFSA changes

Changes in Uniform Guidance

- Auditee side
  - Change in threshold – increase to $1 million
  - Audit threshold implications: Effective October 1, 2024, so primarily fiscal years ending September 30, 2025, and forward (unless short fiscal year)
  - Increase in de minimis rate to 15% from 10%

Changes in Uniform Guidance (continued)

- Auditee side
  - Grant implications: some transition guidance still pending; executed agreements October 1, 2024, and later fall under new guidance
  - Current: [Current Uniform Guidance]
  - Historical:



Changes in Uniform Guidance (continued)

- Auditee side
  - Procurement and equipment increase in thresholds
- Auditor side
  - Type A threshold increases to $1 million
  - Bifurcating the testing of agreements
  - Updated footnotes

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Institutional Eligibility

- No default to online classes being eligible; prove substantial interaction
- Percentage calculations required
- GEN-23-121

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Financial Responsibility Supplemental Schedule (FRSS) and Expanded Related Party

- Pre-implementation and post-implementation debt and fixed assets and impacts
- Privacy concerns on related parties
- Required footnote from ED; separate report for ED from what is submitted to the Federal Audit Clearinghouse

Financial Responsibility

- FRSS and potential debt renegotiation impact:
  - Financial Responsibility Questions and Answers Attachment
  - Financial Responsibility Regulations – Questions and Answers (latest)
  - NAICU-NACUBO-ACE Financial Responsibility Letter
  - GEN-24-11, Long-Term Debt Used for Property, Plant, and Equipment -- Treatment of Non-bond and Bond Indebtedness, and Treatment of Leases

Financial Responsibility and Triggering Events

- Updated Borrower Defense Rules — what's changed, and how could you be impacted?
  - Overview of the Amended Title IV Regulations
  - Financial Responsibility: Mandatory and Discretionary Triggering Events
  - Federal Register / Vol. 88, No. 209 / Tuesday, October 31, 2023 / Rules and Regulations
  - 34 CFR Part 668 Subpart L, Financial Responsibility
  - 88 FR 74568, Final Rules for Financial Responsibility, etc.
  - GENERAL-24-112, Documentation Requirements for Mandatory and Discretionary Trigger Reporting Under Financial Responsibility
  - DCL GEN-24-07 Implementation of Regulations Related to Financial Responsibility, etc.

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Thank you.

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