Holly: So what are we going to do today? We're going to locate and review the FSA assessments. We're going to review four scenarios today. So you're going to put your thinking caps on, your compliance hat on and we're going to take a look and see what some schools have been doing and see whether or not they're in compliance, how they can use the assessments to assist them and we're going to learn how to fix those issues that we identify and figure out how they can enhance their compliance initiatives.

Where do you find the assessments? What is your lifeline out there? IFAP.ed.gov. Oh you are so right. That is your lifeline. That's where you find the assessments. You go Tools for Schools and you'll see the FSA assessments. Mike and I are actually going to go live out to the assessments after our session so we're actually going to demo it for you out there so you'll have a chance to see what we're demoing out on the Power Point slides for you today.

So once you get to the homepage it looks like this. It has four sections. It has the Students where you see Student Eligibility, Satisfactory Academic Progress and Verification Links. Do you all have your pencils and pens out? If not take a second and pull them out, please. What I'd like for you to do is put a check mark next to Satisfactory Academic Progress because you're going to make sure that when you get back to your office you're going to take a look at that assessment. We're going to look at it today but you're going to make sure that you look at that assessment.

Why? Because what happened in 2011 and '12? We had a lot of changes and stuff, didn't we? Mm-hmm. We want to make sure your policies and procedures are updated and they're updated correctly. How many of you have policies and procedures? I better see hands everywhere. Mm-hmm. Do we know if they're updated correctly? I bet you. Good, good, good. We want to make sure they are. This assessment's a great way to make sure you have all your Is dotted and all your Ts crossed. Mike and I worked really hard on that assessment to make sure you could do that.

Verification, put a check mark next to that. What has happened in '12-'13? Oh my, a lot has happened in verification. Mike and I have worked very hard on that verification assessment to help you. We are actually going to look at verification scenarios today and we're going to see what pitfalls could happen among some schools if we're not careful about making sure we're aware of everything that's happening in verification. We're going to spend some time on that today.

Then we have a section on schools, a guide to creating a policies and procedures manual. We know you're not required to have a manual but you must have policies and procedures. So it is smart to have a manual in one place for all your policies and procedures. We have a template designed to help you meet the minimum requirements for policies and procedures. How many new schools do I have here today? Do I have any new schools? Not yet? Okay. How many of you haven't looked at your policies and procedures in awhile? I can't see you, so don't worry. I can't see what school you're from.

Okay, this is a great assessment for you. Put a little check mark on it. It's a great way to start looking at each of the sections that are required, gives you a chance to look at what's required. Make sure you go in and take a look at that and update your policies and procedures in sections. It's huge. So you can't do it over night. Pick a section. We actually suggest several sections to start with, the ones that the program reviewers are going to be looking at first. Okay, so that's a really good thing for all of you to do. The program reviewers have certain sections they're going to ask for prior to their visit. We tell you what they are when you go into the policies and procedures assessment. It's a good thing to take a look at.

Automation. We also have a section on consumer information. Put a check mark there. Have there been a lot of changes to consumer information? Oh yeah. There's been a lot. The consumer information has a consumer information at a glance chart. We're actually going to take a look at that when we go live. It's a 29-page document. Oh yeah, 29 pages that we have linked for you and it gives you all of the information on consumer information.

We have a section on default prevention and management. We have a section on fiscal management, institutional eligibility and return of Title IV funds. We also have a section on campus space programs, on FSEOG, federal work study and your Perkins, you're awarding a dispersement, cancellation, due diligence, forbearance and deferment and repayment and we have a section on innovations. It's blank. Does that mean Mike and I aren't working on anything? Oh no, don't be silly. Of course we have.

We have two new assessments that we have designed that are going through a clearance process. One is on direct loans that has already been created and went through our subject matter experts.

We are trying to get that through the approval process. We also created another wonderful document for you we're waiting to get through the approval process. We talked about it last year. We're still waiting. Sometimes it takes longer than Mike and I would like but it has to do with an automated student file worksheet that links you to sections of student file worksheet and if there's a problem within a certain student file worksheet it would tell you what kind of findings you would get if you found a problem in a particular area. So we're waiting to get that approved. So keep your eyes open.

So why would you use this or how would you use the assessments? Well one of the ways you might say, "Well I don't know where to get started Holly." Well one of the things you might do is if you had an audit – how many of you ever had a deficiency in an audit? I know I did when I was an A director. That would be a good place to get started. You might say, "Well I already fixed the problem." Well have you really fixed the problem?

Sometimes you think you fixed it. It's a really good opportunity to go back in this particular case satisfactory academic progress policy wasn't adequately monitored. Are you sure? It asks you to go back and do file reviews or it asks you to go back and look at your policies and procedures to make sure that what you think you're doing is being applied or asks you, "Do you think you've updated that policy and procedure correctly?" It takes a few moments of your time to go back and double check.

It's always better to try to make the time to look at something in the current award year. So we know changes are happening and verification for '12-'13. This is a good time to start relooking at '12-'13 to make sure that all of the changes have really been updated and implemented and we're going to look at that in a few moments in our case study because it's easier to make a change in '12-'13 than it is two years from now, wouldn't you say, to try to do cleanup? Because remember with the FSA assessments it's so much easier to find a problem for you than for me to find it and make you clean it up. It's better for you to be proactive than to be reactive.

Why? It's better for you to have the control than for me to have the control. Right? It's much harder for me to tell you what to do and how to fix something than for you to then to determine it for yourself. That's why being proactive is such a very good thing.

Another way to use the assessments is the recertification process. Any of you going through the recertification process? If you are this is a really good way to do it. The institutional eligibility assessment has a great checklist. It reminds you where is your PPA? Where's your signed ECAR. It gives you a really good way to make sure you have all of the documents that you need for the recertification process and fiscal reconciliation. Are you reconciling monthly? Do you have reconciliation worksheets? We provide you with some if you don't. We provide you with a process.

Program review deficiencies? How many of you had a program review recently within the last couple of years? Yeah, that's an experience and I remember that. But you know what? Program review is not something for you to fear. Unless you're doing something illegal there's nothing for you to fear. The program review process is just stressful because anybody who's checking you out it's just stressful, checking out your work because we take a lot of pride in what we do but there's so many changes and so many stresses and a lot of things that sometimes just aren't in your control and that just brings a lot of stress.

So when you find or you have findings this is a great place for you to go back like the audit, take a look at it, make sure that it's correct, your policies and procedures are correct. Policies and procedures are so important in the program review process because we're going to hold you accountable for what you say you're going to do. It's very important that you're implementing what you say you're going to do and making sure that what you're doing is accurate.

If you don't have any findings we also recommend that you complete two assessments every year and a great thing for you to do is to look at your policies and procedures and to look at the changes and particularly this year I would look at Verification and I would look at Satisfactory Academic Progress because those are a lot of changes they're having in those areas or your Consumer Information. Lots and lots of changes are happening in those areas. It's a good thing for you to take a look at and use the assessments for. Mike and I worked really, really hard for you in those areas keeping those updated. We'll show you how you know how often those are updated in a moment.

So why use the assessments? It helps you self-assess. You're going to see how we link these assessments and how and why we designed them the way we did and we also provide you a

mechanism for a corrective action plan because if you find a problem you need a way to correct it. So let's see how it's laid out. It's a walking, talking Code of Federal Regulations. How many of you have your Code of Federal Regulations right by your hand? So some of you do. Most of you don't.

Those Code of Federal Regulations are very important. Mike and I took those Code of Federal Regulations and we made it into a document that was appealing to look at and very, very useful. So what you do is that when you open up the page – so we select Verification, for example, we always have or we try to have an At a Glance document so you can see what's required, Verification at a Glance. We provide you activities for self-assessment. We provide you links to the handbook. We provide you links to Program Integrity.

How many of you know about the Program Integrity link? Some of you. See the Program Integrity link on your Power Point slide? Circle that. That is so important. We're going to go out there and visit it. That Program Integrity link is taking you out to the questions and answers of the hot topic of the week. It's telling you all of the questions that you all are asking and asking for an immediate response to. Very, very important.

We're going to go out there and we're going to take a look at that Program Integrity link. If nothing else from this conference you learned something very important today, the Program Integrity link is important and we're going to go out there and take a look. We apologize for this little green bar. When they uploaded this it moved all my little green bars. That little green bar is supposed to be over Program Integrity link. I don't know what happened there. So that's very, very important.

Then we have in the first column, it talks – it's in the same order as the Code of Federal Regulation. If you open up the book you'll see it's in each of those sections we provide you with the Deal Colleague letters. We provide you with links to the Health and Human Service and Poverty Guidelines. We provide you the links to the 1040s. We provide you Verification ISER Comparison chart. We provide you all sorts of links on that left-hand side and we also tell you what regulations are to that topic.

The nice thing is the regulatory link provides you a link right out to that regulation. You click on it and it takes you to the regulation. You don't have to look it up. It's right there for you and that is sweet. That is really, really helpful. It always takes you out to the

most current regulation. Then on the right hand column is the activity. So all of the assessments are set up the exact same way. It makes it so easy for you to research something which is really, really nice by topic. To me that's really helpful.

So let's see. In the next slide we'll see the page layout on slide number ten and that's just the bottom half when you scroll down on the screen. When we go out live you'll see that. This is just the bottom half of the Verification assessment. So when we go to slide number 11 there is an action plan. Is an action plan required? No, but do we think an action plan is important? Yes.

If you find a problem you need a process to fix it and you should assign it to someone because if you don't assign a problem to somebody is it going to get fixed? I don't think so. So we really think it's important you design a process. If you don't like this particular design design one for yourself. Identify what the problem is, who's responsible to fix it, when do you think it's going to be fixed, is it a long term or a short term problem.

So now we're going to identify an assessment, we're going to complete it, we're going to research it, we're going to develop an action plan and we're going to implement it and we're always going to look at it annually because regulations change. So let's take a look. You ready to be thinking? Let's go to slide number 13. We have a school which many of you might be doing or have done for '12-'13. There was a period of time where you could collect a signed paper copy of an IRS return, couldn't you, for part of '12-'13. You could. This school did.

They collected a signed paper copy of their tax return for applicants flagged by the CPS that did not go through the IRS data retrieval process. That's what they did. They also collected a signed paper copy to verify AGI and taxes paid for institutionally selected records. They want to know is that okay. Was that all right? That's what they started to do at the beginning of '12-'13 and one of their staff members was like, "I think something changed and I think there might be a problem."

So what assessment would they go to? Verification. That's right. They went out to the Verification assessment. When they went out to the Verification assessment they saw the July 20, 2012 electronic announcement and that announcement when they looked at it said, "As of July 16th they had to start collecting the IRS transcript." So does this school have a problem? Yeah, they do. They do. But they're looking at '12-'13. Is this going to be

something they can clean up? Yeah. Something they can clean up. A lot easier than if they waited till '13-'14. So I mean you can see how this could very easily happen to a school for '12-'13, right, because at the beginning of the year they could actually start doing that.

They also had a new electronic announcement that came out November 2nd, didn't they? A new electronic announcement came out on November 2nd about acceptable documentation. So for the student who decides that they're not going to go through the retrieval process and they get a denial for the transcript from the IRS what does the school do? Well the school can say, "Okay, give me the denial form that you can't get the transcript and then get the 4506T or 4506EZ form," fill out the section with their name on it and the school's name, hand it to the financial aid administrator and give them the signed copy of the 1040. The school can accept that as acceptable documentation because the student will not go through the retrieval process for whatever reason. They just refuse. You can't make them. They refuse. The school can accept that and go ahead and verify and move on.

Now does the school have to submit that 4506 form? No, they don't have to only unless they think it's fraudulent do they have to do that. So the school now has to make sure that their policies and procedures have to do two things, right. The policies and procedures now have to be updated to say they need to get the transcript. They now have to update the acceptable documentation. Now they also went to that Program Integrity link I was telling you about and looked up Verification.

There's a Verification section on Program Integrity link and they say, "Ah, can the student still accept a signed copy of the IRS 1040 for institutionally selected students? The CPS didn't pick them but I decided for institutional dollars I'm picking them. Can they still collect the 1040 for that?" Yes, they can. But when you collect a 1040 what do you have to be careful with? Conflicting data.

So if you collect that 1040 you have to make sure your policies and procedures say whether or not you're going to collect it as signed and you have to make sure for institutional dollars that you're looking at everything on that 1040 because now you could have conflicting data. So you have to look at it entirely for conflicting data as well. I have a question. Can you go to the microphone, please?

Audience:	I just have a quick question because this came up for us. We sent some students to the local IRS office to get their tax transcript because they didn't match it in the FAFSA. The IRS had some glitch in their system and they printed out their regular tax return and stamped it and sent that back to us. Can we take those?
Holly:	Can you take those because they had a glitch in their system?
Audience:	Mm-hmm. So they stamped a regular 1040 tax return – and we've only had five of them and they were EZs. I don't know what the issue was with that but they stamped them and had on it, "Verified by IRS." I'm sorry.
Holly:	Well can you do me a favor? Can you go up to Ask a Fed for that and ask them because I want everybody to get that answer and ask for the answer and ask them to put that in their bulletin so that everyone gets the answer on that. Because technically they're saying –
Audience:	We didn't think it was okay so we wouldn't accept it.
Holly:	That would make me nervous. That's right. Because I don't feel comfortable because we're being very strict about the transcript. So I think you should go up to Ask a Fed because I think your instinct is correct but I'd like you to go up to the Ask a Fed booth and let them know that was an issue with the IRS because we're in communication with the IRS and have that addressed and then ask them to make sure that that gets addressed in their Q&A that goes out to everybody.
Audience:	All righty.
Holly:	That's a very good question but I think your instinct is correct. All righty, so let's go on. So now we have to create our action plan. When we do that we're going to have to make sure we update everything, we train our staff and that we follow through on our proactive action plan. So when we do that we're updating our policies and procedures as we just discussed.

Once we update our policies and procedures because we have to make sure we know what we're going to do first – correct? That's why we have to update our policies and procedures first. Then we have to do a file review. We have to identify everybody who did not do the retrieval process that we collected a 1040 on and we have to notify those students and tell them that we need a transcript. Then we have to look at that transcript and make sure |

that there are no changes to aid because if there are changes to aid then we have to revise the aid accordingly. Then we have to decide, "Okay, if they're not able to get the transcript then we have to do the acceptable documentation route." So there's a lot of cleanup and it probably is going to be more time-consuming than it is to result in any change in aid would be my guess but if there is a change in aid then we also have to have a process to notify the student.

So we would also want to let our bosses know, upper management know that we're going to have to have these resources and time to fix this problem and it depends on how many students there are as to what kind of problem it is. But since it's in the award year I don't think it's going to be a big deal because the students are still on campus. So this is something you want to take a look at, make sure that you're following all of the rules, making sure that you're up to date with that electronic announcement, making sure that you've got what's going on in with that 1040 and the transcript and the IRS retrieval process in your policies and procedures accurate. Does everybody feel comfortable with that? Getting all of this straight? Yep? Good.

So let's go on to slide number 18 and let's go on to our next scenario. The school has developed their own Verification worksheet which all of you are doing more now since we're just giving you guidance. For non-tax filers they collect a signed statement certifying the person is not required to file an income tax return that includes the sources and amounts of any income earned from work and they do not collect a W2. Do we see a problem here? Yes, we do. The school needs to be collecting the W2. So they're going to go out to the Verification assessment and when they go out to that and they go look at the Program Integrity link there's actually a question about that and they can see indeed for non-tax filers a W2 is required and when they go out to the electronic announcement they can see indeed the Department of Education has its own suggested Verification worksheet and then the instructions do tell them that they have to attach that W2.

So what is the school going to have to do? Well they're going to have to develop their action plan. We're going to have to make sure the staff is trained and they're going to have to follow through on that corrective action plan. When we go to slide 21 what is that action plan going to be? They're going to have to update their policies and procedures first and make sure they understand what they need to do but we know they're going to have to redo their Verification worksheet, aren't they, with new instructions?

They're going to have identify the number of students that did not submit the W2 and go after that W2. Chances are for this school they're going to have probably some aid that's going to change once they collect those W2s because of untaxed income. So this is probably going to require some aid change.

So what's important here is that the financial aid office and the fiscal office are working together on this issue. So it's going to include more than one office and let them know, "You might be seeing some aid changes. You're going to need to notify the student that the aid's going to be changed and notify them accordingly. Let your senior management know because you might have some angry students and move forward." So these things make a difference but if it's in the award year it's a lot easier clean up than if you're looking at an award year that's already ended. So that's why it's really good to try to – and especially in years where there's lots of changes happening is to take a look at it now if you can.

So let's go and let's look at what kind of findings you could have had if an auditor or program review looked at those two issues. You could have had Verification violation findings, Verification policies not documented and Verification policies inadequate. So you could have easily had three findings there and one thing you want to make sure and the best advice I can give you is try not to have repeat findings. Department doesn't like repeat findings. It just shows an administrative capability issue. It's like you're not making the attempt to fix it in the first place. Sometimes it happens no matter how hard you try so you really want to be able to show that you're really making the effort to fix something. So you really want to have systems in place to try to avoid repeat findings. It's really important. That's really good advice I'm giving you.

With that I'm going to hand it over to Mike and he's going to go over scenario three with you.

Mike: All right. Thank you Holly. Now we are on slide 24 if you actually have your booklet with you or your printed out materials. One thing I want to do now is just kind of take a little bit of time to kind of think back of what Holly just said. We're looking at the FSA assessments. We're looking at reasons why you might want to use them. One thing I want you to think about as we go through these next two scenarios is you are better equipped as a school to find issues with your school than your auditor and program reviewer are. I'm not saying that because an auditor and program

reviewer don't know what they're doing because obviously they do but you know better than anybody else how your school operates. So if an auditor or program reviewer can find an issue then by all means you can probably find that same issue if not better.

If you're going to find that issue it's best to do it in the award year that you're in so that you can fix it before it becomes a major problem. That's really a key behind one of the reasons why we have developed these wonderful assessments for you. So we talked about some findings. Let's now kind of switch gears a little bit and talk about something that's very similar and that's conflicting data.

Now this particular school in the example they decided that they would review their conflicting data procedures. So in doing so they determined that the fiscal office was receiving outside scholarship aid and posting that aid to the student's account. It came directly to the fiscal office. They've posted it to their account, dispersed it and they didn't notify the financial aid office. That was a procedure that was going on in this particular school.

On slide 25 the school decided, "Okay, let's go out and look and see if that is a problem." So they went into the Verification assessment because that's where we talk about conflicting data. There's actually an activity there. There's an activity one, a conflicting data activity that talked about what is required for conflicting data. If you look at that middle regulatory link, the 668.16B3 that's really what geared them to realize that there might be an issue here. It says, "The institution must communicate to the individual designated to be responsible for administering the Title IV aid programs they must communicate all the information received by any institutional office that bears on the student's eligibility for financial aid."

So this particular case the fiscal office was receiving aid, scholarship, posting it to the student's account, not notifying financial aid. Is that a problem? Yes. That can be a problem because it could result in an over award situation. So that is extremely important. So what did they do in this particular case? Again, we're enhancing it. We found an issue. What are we going to do? How are we going to resolve it? You can use this corrective action plan that we have in place for you or you can develop your own, your own that works for you. That might be more automated for you or whatever works for you. The key is to have some type of action plan that you can ensure that you are taking action to fix the issue.

So they're going to create an action plan. They're going to train their staff. We want to make sure their staff is trained on any new requirements that they've put forth or any new procedures they write and they want to make sure they follow through on that corrective action. That's extremely important because if you don't follow through then it could result in a finding in the future or perhaps a finding that is found by an auditor or program reviewer.

So then we have the action plan here. This school decided to look at the Verification assessment and they looked at the conflicting data activity within that. They want to include a process to ensure that all of their outside scholarship aid that's delivered to the institution on behalf of the student so the student gets aid to the fiscal office that there's a system in place that the financial aid office is notified and made aware of that particular amount so they can include that as part of the student's award package. That's the issue that they have developed that they have found.

Then what they're going to do in their action plan they're going to update all their conflicting data policies and procedures and they want to make sure that their procedures are updated so that the fiscal office is aware that the financial aid office needs to know when a student's aid comes in for an outside scholarship that they are notified. Then they're going to actually assign a person from the financial aid office to assist with this effort and they're going to request a listing of all students to date that the fiscal office has received outside scholarship aid for and posted to the student's account. So they want to make sure that none of those students are over awarded. If they do find any they're going to resolve them as necessary.

Now the important thing about the action plan is that, yes, it's great that you have a plan but you want to make sure that you have people in charge of making sure that plan is implemented. So in this particular case there were two offices that were involved. What do you think they were? Financial aid and obviously fiscal. So they're working together to get this resolved. They have identified a couple of lead persons to help them coordinate the effort and that's important, too. Those lead persons aren't going to be doing all the work but you want to make sure you identify somebody that's going to ensure that the process is followed through on.

It was a near term enhancement. You can see on slide 28 that there was a start date and anticipated completion date and then after they

implemented this particular plan they explained the results and that's important too because you want to make sure that after you've implemented the results that you update your policies and procedures, you share that with staff and in this particular case the school did receive a listing of those outside scholarships and they found three students that were over awarded and over budget. So that's not bad. The great thing was is they were in the current award year so they were able to fix it right then. What the school ended up doing was just reducing the amount of loan funds that those students could receive. They notified each of those students as well as made the adjustments within the COD system.

Then again, the very bottom part of the action plan is it's so important that you update your policies and procedures and you train your staff. So I think the key here is that the school found an issue, they fixed it in the award year and they reduced the likelihood of that issue happening in the future. They're going to go back and review this particular process on an annual basis for a couple of years just to make sure that nothing has slipped through the cracks.

So again, there are potential findings that they actually avoid by doing this type of effort and related to this particular issue there's an over award, could have been financial aid over award, financial aid need exceeded, conflicting data because that was part of the conflicting data procedures and there's also policies and procedures that could have been developed incorrectly or what we call lack of administrative capabilities. So there was some actual findings that this school avoided by completing this process. I think that's really important to remember.

Okay, one last scenario that's not related to Verification or conflicting data, it's related to that other area that changed in '11-'12 and that's Satisfactory Academic Progress. Now this is kind of an interesting issue. The school checks SAP on an annual basis and in doing so for students who successfully appeal after they didn't make SAP they can placed on probation on the new SAP regulations. The school would allow that student to receive aid during their probation until the next time they checked SAP. In this particular case the school checks SAP on an annual basis so they would wait until the next year before they checked SAP again for that particular student on probation. That was the issue that was identified by the school.

So on slide 31, where did they go to visit to find the resources that might help them resolve the issue? That's the SAP assessment.

You can see on slide 31 again, it's a very similar layout that Holly showed you on the Verification assessment. All the assessments are set up exactly the same way. You have the wonderful links. You have the action plan link. You have the activity bars that have activities related to SAP. You have the topics in the left-hand column. Again, we apologize that some of those little green areas that we circled didn't quite line up correctly when these were printed. You also have the regulatory link. You have the links on the left-hand side and you have all the links in the middle column that are hyper link and they'll take you directly to that location.

So one of the first things the school did is they took a close look at on slide 32 – they clicked on that Program Integrity link and there's Program Integrity link within the assessments when applicable. This Program Integrity link is so important and so valuable and we're going to demo this in a couple of seconds for you. But in this particular case the Program Integrity link says, "Under what circumstances would a student be placed on SAP probation?" So a school has asked this particular question to the Department. The Department has provided an answer. You can see on slide 32 that it does say the student who fails SAP must successfully appeal – so that's important – to be placed on probation and it can't be given automatically. It says at the end of what? One payment period on probation the student must make SAP. So does this particular school have an issue? Yes, they do.

The issue is that even though they're checking annually if they put somebody on probation they have to check after one payment period and that's extremely important. Then you can also see that on slide 32 that there was a direct link to 34668.34 which is where a majority of the regulations fall for SAP and you can see that we have a screen shot of what that reg says and it says exactly the same thing about the one payment period. So many resources in this particular assessment that can help you identify areas that you may come across as needing some additional attention.

Now another thing that's extremely important and Holly mentioned this to you earlier about policies and procedures. Don't overlook your policies and procedures when you're making enhancements to areas that you're making a change to. It's so important. This particular case is a good example. Really important for them to update their policies and procedures as well so that they can make sure that the staff has the right policies and procedures and the student knows what the right policy is for probation. We show you a screen shot on 33 of what they found

when they clicked on the policies and procedures link for SAP in the assessment.

So again, what's the school have to do? They have found an issue. They want to fix it before it becomes a major problem for them and perhaps a liability. So they're being proactive and they're going to create that action plan. They're going to train their staff and they're going to follow through on that corrective action. You can see on slide 35 that's exactly what they did. They decided for their action item that students that appeal and are placed on probation they want to make sure that they check again their SAP at the end of one payment period. They also are going to review all students that were placed on probation during '11-'12 which was the first year it came into effect and '12-'13 for the new regulations. They decided they'd go back that other year even though they're currently in the 2012-'13 award year.

In this particular case the reason being again is because '11-'12 is when the reg substantially changed for SAP. So that's their action item they're going to – their plan is they're going to update their procedures. They're going to get a listing of all students placed on probation for those two award years. They're going to determine if any students met the terms of their probationary period after one payment period and they're going to make sure that if the student did not that they resolve that issue, perhaps resolve that ineligible dispersement. So that's what they're going to do in this particular case.

This is the offices that need to be involved; the financial aid, the registrar and the fiscal office. They have identified some people to coordinate the effort and that they've determined that it's a near term enhancement and then this is important, their implementation. They did revise their policy and procedure. It was updated. It was published and shared with their staff and students and all the staff were trained on this new procedure and that's extremely important.

In this particular case though the school did review all students on probation during those two years and luckily all students met the terms after one payment period. So they were fine anyway. There was one student that did not however and that student ended up withdrawing at the end of that payment period anyway. So they lucked out in this particular case but as you can see the school was proactive. They found an issue and this is something that could have been turned into a pretty major violation if it was found by an auditor or program review later on. So again, the potential findings that were avoided was SAP policy not adequately

developed and as well as the SAP progress policy that was not monitored.

All right, so we have shown you some examples of how you can use the assessments and one of the things we've talked about throughout this whole entire presentation both Holly and myself is we've talked about the importance of policies and procedures. Now you do realize that policies and procedures, you're not required to have a manual but you are required to have policies and procedures. It just doesn't have to be in a manual format. A lot of schools do it many different ways but we think that there are some advantages to keeping it in a manual and you can see on slide 38 that we have kind of outlined some of those advantages.

First thing is it helps you comply with the regulations. In a manual format, keeping it more accurate, having it all in one spot, having it available for the regulatory changes that happen frequently that's extremely important. For the updating process having it in a manual makes it easier for you to update. It makes it easier for you to update annually because things do change not only within your own offices but also within the regulations themselves. The availability of a manual is important. Access by your staff, having it in a manual format your staff have easier access to that particular policies and procedures.

Even more important, your auditor or program reviewer when asked when they come to your campus if you have it in a manual format you can give them all the manual at once as opposed to telling them, "Well we have one in this office, one here, one there, one there," and you have to give them all the different copies. So availability is really a good thing as well. It helps you feel proud about yourself as being organized. You have a good manual that you update annually and that you follow and it makes you a little bit more organized and easier for your office to manage.

Now one thing to remember is that we do have that Guide to Creating a Policies and Procedures Manual. It's available for you. It can be used either as a template and it's great because you can just take that template. You can fill in your information. Make sure you follow the information that you fill in. It has all the regulations there, the minimum requirements. It also has effective practices that you might want to consider doing and including in there as part of your policies and procedures as well and it lets you know when that is something that is not required. Also you can use it to develop your procedures from scratch, start all over again

or you can pick an area specific to you that you want to develop just, for example, Verification or SAP."

So with that in mind we think that the manual is a great way to go about your policies and procedures. Again, not required, only recommended but you do need to have policies and procedures. That's really important. I don't want you to walk away thinking, "Oh Mike said we don't have to have it in a manual so we don't have to have policies and procedures." Yes, you do. You just don't have to have it in a manual format. Okay, I'm going to go live now.

Holly: Let's go live.

Mike: Holly, you can take the – you've got the mic already.

Holly: I do. Can you hear me? All right. As Mike going live I did think about your question about the 1040 and the IRS and the retrieval. It's so different when you get to sit down and think about a question for a second. I would not accept a stamped copy from the IRS. You have the 4506 form. They would fill out the 4506 form and send it into the IRS. So you did the right thing and that is the answer. I just needed a moment to think about it. So my apologies. Sometimes it's hard to think fast on your feet. So thanks for those few seconds to think about that. So let's go out to IFAP.ed.gov. Let's go into Tools for Schools and when we go into Tools for Schools we'll get to the homepage.

Mike: We hope we get there.

Holly: Let's hope that this is working nicely. We've been having trouble with the Internet today.

Mike: There we go. It's going. It's just slow.

Holly: It just takes a few moments. Then we're going to select the FSA Assessments. When we select the FSA Assessments our homepage will come. I would really like to show you how easy it is. When we do the FSA assessments at the end of each assessment we will put the date that we last updated it. So you will know that we have updated it with the new regulations. We did that because you asked us to last year. So Mike and I took that enhancement and we did it.

We would be remised if we did not also include our colleague Warren Farr who's not here today who takes care of the Web part

of this for us. If it weren't for Warren this wouldn't be updated as quickly as it is. He is our savior back in the office who really takes care of this stuff for us and makes these changes pretty quickly for us. So it is really awesome and we are so appreciative of that.

So when we select that let's go into Verification, Mike, and when you select Verification you will see that the page opens up. Can't get much easier than that. Mike, let's select your regulation. Let's select 668.51. You just click on that. You'll notice it's in numeric order under regulatory link. Mike and I did that so it's easier for us to update. I said us. Shame on me. Mike does the regulatory link updates. He gets the credit. We wanted to make it easier. We actually linked all the regulations even on the left-hand column but that just became a bear and too hard to do. So make Mike's job easier and make him nicer we decided to put it in the middle column, make it numeric and only link that particular column. It makes his updates so much easier.

Mike: It's much faster when I'm in the office. If it was this slow I think I'd probably pull my hair out.

Holly: Yeah. So when you come up and visit us in room 27 you'll see how quickly it all operates. It takes you to the most current regulation. How easy is that? You can cut and paste it into a document, cut and paste it and put it into your policies and procedures. Absolutely. Copy and paste the link into your policies and procedures. It is really great. So you can click out of that.

Let's click on the Program Integrity link, Mike. That Program Integrity link you guys is really great for you to go to to get the most current updates. You click right on that Program Integrity link it'll take you to the Verification. Program Integrity just not have updates on Verification. It has updates on Return of Title IV. It has updates on Gainful Employment. It has many different topics that it updates. It is great and it will open up and give you all of the questions and answers for this particular section on Verification. We tried to keep it all topic oriented for you so it's easier.

Now in Verification when you go into the Code of Federal Regulations you also see conflicting data. That's just how it is designed. So that's why you see conflicting data under Verification because that's where it is in the Code of Federal Regulations. So it gives you an idea and it's running very slow for us.

Mike:	I wonder why it's taking – there it is.
Holly:	And there we go. You'll see all of the different questions that pertain to Verification. This is something that you should look for if I were you weekly as something I would do. So let's go into Policies and Procedures Mike and then we'll open it up for any questions and answers that you might have because I know you are all on a tight schedule. Oh it's not working? I guess it's not working. My apologies.
Mike:	You want Consumer Info?
Holly:	Is that better? That's not working either?
Mike:	Here.
Holly:	I get to Oprah. Thank you.
Mike:	Mike knows how to run a mic. How about that.
Holly:	Mike knows how to run the mic. Thank you. My apologies.
Mike:	You're fine.
Holly:	What was I saying?
Mike:	Did you show them Policies and Procedures?
Holly:	I want to go to Policies and Procedures. Oh it's hard to be 50 plus 7.
Mike:	You're fine. You're doing great. All right.
Holly:	He's so much younger than me. So let's go into Policies and Procedures because I'd love for you to see the template. If you notice in Policies and Procedures you'll see sections. Those sections are chapters. So you can see all of the different sections. Then we have Appendix A, B and C. I like Appendix – where's conflicting data in there? Appendix B gives you an example of a policies and procedures already completed which is kind of neat.

But let's go in and take a look at section one, Mike. When we open it up we give you a feel of what it looks like. You can actually go in there and start typing. We have little grey boxes and if you wanted and you've never created one before you can actually just go in there and start typing and creating your own |

policy and procedure is how we designed it. It's rather simplistic. That was our intent. Mike and I really wanted to create a template that was simplistic just to make sure that you were meeting minimum requirements. That was important to us.

If you want to make it more elaborate have a field day, but to me it was important that you just keep out of trouble and you did what you were required to do and you did all of the minimum requirements and what you said you were doing is what you were doing. That's where people get into trouble. You can write beautiful things but if you're not implementing them you get into trouble. You can write beautiful things but if they're not the right things you get into trouble. So it's a fine balance, your policies and procedures. So we want them to be correct and you want them to be simple and you need to be implementing them. All very important things.

I apologize. This Internet is brutally slow today but at least we have it. We didn't have it this morning. So at least it's here. But when it opens up it is a great little tool that you can type in and it makes it work nicely when it shows. So while we're waiting do we want to start asking questions and answers? Does anyone want to come to the mic and ask us a question?

Mike: Does anybody have any questions?

Holly: I'm sure you must have a question about an audit or a program review process or findings or share anything. You can't all be that shy.

Audience: Let's just say that you wanted to do something for a prior year, look at a policy or a procedure for a prior year would you still be able to use the FSA assessment and put in an academic year or how would that work?

Mike: That's a very good question. The assessments are designed basically on a year by year basis. So they're designed – you can go back prior years and the regulations, you can actually look at a reg that was in effect during that year because we can go back as far as like I think 12 years as far as the regs. We tell you how when you click on a regulation because the regulations are housed on what we call the Government Printing Office Website. So we take it right to the source. On that source once you get there it'll actually take you to a page where you can look at – if you're, for example, looking at 2001-2002 award year you can look at just that particular requirement. So that's a good question. But as far as the

assessments themselves the activities are file review driven but most of them are regulatory. So as long as you have the current reg then you're usually okay. And it came up.

Holly: Right. The activities are pretty generic. So here's a Guide to Creating a Policies and Procedures. Remember what I told you about what are the policies and procedures a program reviewer is going to ask you for? They're listed right there. If Mike scrolls down these are the policies and procedures your program reviewer is going to ask to see. So these are the policies and procedures you really want to make sure are the first ones that you're going to take a look at and make sure that they're updated as you start this process because these are the ones they're going to ask you to mail them prior to your visit. So these are really, really good for you to take a look at, make sure they're updated and make sure that they're accurate and make sure what you say you're doing is what you're doing. This is a real good thing for you to do.

Then as you scroll down and this is section one of Policies and Procedures and as you scroll down you can see now we're starting to show you the outline of what's covered in each of the sections. What's covered under Administrative Capability, what's covered under Institutional Eligibility. This is how we designed it. Schools can design it however they would like but this is how we designed it. Then if you scroll all the way down we'll show you how it starts. This is just the very beginning and even then there's quite a few sections.

Mike: Got the icons.

Holly: We still have teach in there. Why would we keep it in there? We could probably take it out because we've still got that there working.

Mike: We have people looking at those _____ _____ _____.

Holly: Mm-hmm. We add icons. We're trying to be creative. Everybody can do their own thing but this is what Mike and I decided we liked. We got to decide. Here we go. This is our beginning. What type of institution are you? What is your mission? These are some of the basic things that you should probably have in a policy and procedure to give anybody from the outside looking in a feel of who you are. What are sample forms that you have?

Mike: One good thing about this particular section here is you look at the very top it says, "Good Practice Suggestion," so you always know

that that's not something that's required. You're not required by regulation to have an institutional overview. What we did is we looked at the regulations and we're telling you when in the regulation it says you have to have a policy and procedure. When it says, "Good Practice," you don't have to include that but it probably is very helpful if you do.

Holly: Good point Michael. So if you scroll down and we'll get to the part that's required.

Mike: Which is section one. It's right next to – here we go.

Holly: There we go. We tell you what is the policy, what is the purpose, what's the scope. If you notice when we talk about the policy we're putting the regulation and the link to those regulations right there in that policy. So we just think that is just an easier and clean way to do it. Then you can just start typing. Then we also give the links to applicable resources. So we just think that this is a neat way – you don't have to use it but it's also a good resource for you to take it and compare it to what you have to make sure you have all the components that you need. So we think that this is something that you might find helpful.

Mike: So let's put a little bit of closure on this. We did quite a bit today. If you look at your slide number 40 we went out to IFAP. It's important that you remember where the assessments are. We showed you how to select and complete that assessment, how you can determine which assessments to complete and perhaps be proactive and fix things before they become liabilities. Then we taught you the great information about completing and implementing that action plan and reviewing it annually.

Now Holly and I as you probably could tell are very excited about these assessments. We want to hear from you. We love to hear your feedback, any comments you have or things you'd like us to improve or ways that you've used them that have been helpful. We like to hear that as well. We really appreciate your taking the time to come today and listen to the assessments. Come and visit us in the resource center, room 27 if you want to see any of these in more detail. We have a little booklet there that you can go through. But we just thank you for joining us today and we wish you the best, yes. You can get our contact information as well on that last slide. Holly has a surprise on slide 42.

Holly: This is for my school that has a great sense of humor. Bowling Green has a great sense of humor. They had a program review and

they decided to have a little fun with their auditor. They decided to dress up on Halloween and have violation – I call it laugh out loud – 103112 and scare the living daylights out of him to tell him that the program reviewer had returned. I just thought that is the way you handle a program review with a little sense of humor.

They did just fine in their program review I might add but I thought that was a great way to handle an auditor or a review. You've got to have a little sense of humor along the way. You all can handle it. You all can self-assess and you all will be just fine. So if you have any more questions come up and talk. We have about 10 or 15 minutes before we have to clear this room. So if you want to talk to Mike or I we'll hang out for another 10 minutes and then we've got to make sure that the room is clear. So thank you. Thank you for joining us.

[Applause]

[End of Audio]