

**Georgia Student Finance Commission  
State Scholarship and Grant Programs  
Compliance Review Process and Procedures**

*November 2020*

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## Compliance Review Preparation

### **Selection and Notification of Compliance Reviews**

Each Georgia postsecondary institution that awards State Scholarship and/or Grant funds is subject to a Compliance Review at least once every three years. Selection for a Compliance Review can be based on any one or a combination of factors including, but not limited to, an institution's results from previous review(s), staffing changes, and regulatory changes that affect the administration of State programs. Each year the institution's president will be notified via letter with regard to whether or not their institution will be reviewed during the upcoming review cycle. Copies of this letter will also be sent to all applicable institutional officers in the Registrar's, Admissions, Financial Aid, and Business offices, as this is considered to be an institutional review.

### **Compliance Review On-Site Visit or Compliance Review Remote Examination**

A Dear Colleague Letter (ID:2020-04) was issued on December 5, 2019, establishing a remote examination process for the Compliance Reviews. The Compliance Review Remote Examination (CRRE) process involves the institution under review sending their sample student information to the Compliance Team, instead of the Compliance Team making an on-site visit to the institution to review the sample student information.

### **Scheduling**

Once an institution is notified that they will be included in the upcoming review cycle, an e-mail will be sent to the institutional officers advising them of the pending review date and the type of review which will be conducted. Once the reviews are scheduled, an institution should not expect schedule changes unless circumstances would make it impossible for the review to be performed as scheduled. Only conflicts extraordinary in nature can be considered. Conflicts due to events normally held at your institution (registration, drop/add, orientation, etc.) cannot be accommodated.

### **Engagement Letter**

An Engagement Letter will be sent to the institutional president, with copies e-mailed to the institutional officers by mid-January of the review year. The engagement letter will confirm the scheduled review date.

### **Administrative Questionnaire**

A Compliance Review Notification Memo with links to the Compliance Review Administrative Questionnaire and other Compliance Review information will be sent to the institutional officers. The completed Administrative Questionnaire and other requested information must be submitted within fifteen (15) calendar days of receipt of the Compliance Review Notification Memo. The review of institutional policies and procedures, calendars, and fee schedules, etc. can be best understood when they are submitted in a timely fashion, allowing the Compliance Team to prepare prior to the Compliance Review. The Administrative Questionnaire will also

request that the institution designate an individual that will act as the institutional contact for purposes of the Compliance Review. A secondary contact person should also be designated in case the primary designee is unavailable.

### **Sample Sizes**

Statistically based sample sizes are determined by the number of awards for each State Scholarship and Grant Program under review for a specified fiscal year. The institution will receive their Sample Lists fifteen (15) business days prior to the Compliance Review date. Any changes or corrections made to a student's file after the Sample Lists are received will not alleviate findings associated with those changes or corrections if they are noted in the Compliance Review.

### **Residency & Satisfactory Academic Progress Certification Letter**

The Compliance Team will verify receipt of the Residency & Satisfactory Academic Progress Certification letter (USG & TCSG institutions only). This is an annual certification requirement. If the certification letter has not been submitted to GSFC prior to our arrival, the Compliance Review for the USG or the TCSG school will also include the review of Residency and Satisfactory Academic Progress eligibility. If, during the Compliance Review, a problem is noted concerning residency or SAP certification, the Review Team will notify the institutional officers and request that the applicable central administrative office further review and resolve the issue. A copy of the Residency & Satisfactory Academic Progress Certification Letter is available at <https://gsfc.georgia.gov/compliance-0>.

## **On-Site Compliance Review**

### **Entrance Interview**

Compliance Reviews are institutional reviews and GSFC recognizes that each office of the institution has responsibilities pertaining to the correct eligibility determinations of its State funds recipients. As such, we request a representative from the Admissions, Registrars, and Business offices, as well as the Financial Aid Office, attend the Entrance Interview.

The following topics will be discussed during the Entrance Interview:

- Purpose for the Compliance Review
- GSFC Compliance Mission and Value Statements
- Scope of the Review
- Length of the Review
- Conducting the Review
- Questions or Concerns

The Institutional Officers will be given an informational packet containing Compliance Review related information. The Entrance Interview will last approximately 15 minutes.

## **On-Site File Review**

The primary function of the on-site portion of the Compliance Review is to gather relevant data to make determinations of applicable eligibility elements such as grade point average, residency (for private & proprietary institutions only), citizenship, as well as administrative functions such as determining correct tier, and ensuring proper invoicing and disbursement of funds to each student's account.

The Compliance Review Team will also need access to the institution's student information system during the on-site portion of the Compliance Review.

Potential findings must be documented and may require that the Compliance Officers either copy or scan the documents necessary to support the potential findings. Each laptop is password protected and all flash drives are password protected with strong passwords.

If files are not ready upon the Compliance Officers arrival, the school will have to provide copies of the unavailable files and send them to GSFC. If the missing files are not received within five (5) business days, the missing files will be considered a finding with the associated liability.

In general, the on-site portion of the Compliance Review will take one or two days (approximately 8-9 hours) with two reviewers present during the review. It is necessary for each Compliance Officer to have ample space in which to work. Extenuating circumstances sometimes require a longer duration for the on-site review, or more than two Compliance Officers being present for the review process.

## **Exit Interview**

While not as formal a function as with the Entrance Interview, attendance from each of the offices is encouraged at the Exit Interview. During the Exit Interview, the Lead Reviewer will provide a file disclosure statement to the institution, a copy of which should be placed in each file that was reviewed. Additionally, a list of missing documentation will be provided and the Compliance Team will reiterate the reporting process timeline and refer to the information in the informational packet given at the Entrance Interview. The Compliance Team will address any questions the institution may have.

## **10-Day Missing Documentation**

After the Compliance Team completes the on-site portion of the Compliance Review, the institution will have ten (10) business days to produce any missing documentation that was not available in the student(s) files at the time of the on-site review. The institution will be provided the due date at the time of the Exit Interview. The missing documentation must be received by GSFC by the close of business on the due date provided.

Missing documentation includes information that was not in the student file at the time of review but does not include correcting errors made to student or GSFC records, such as reporting tier or attempted hours during invoicing. Findings for which missing documentation

can be produced during the ten (10) day missing documentation grace period will not appear on the Deficiency Report.

Examples of documents that can be provided during the ten (10) day grace period are:

- Missing Transcripts
- Citizenship Status
- Missing Application
- Residency (private and proprietary institutions)

## **Compliance Review Remote Examination (CRRE)**

### **Conference Call**

The Entrance and Exit Interviews are combined into a Conference Call that takes place 1 week prior to the institution's scheduled review date. The same material is covered in the Conference Call as in the on-site Interviews, with the addition of the information related to the transfer of the institution's student information via ShareFile. The institution receives an Outlook Appointment Invitation the day before the Conference Call with the call-in number. An institutional officer from the Registrar, Financial Aid, Business and Admission Offices are asked to participate in the Conference Call.

### **Initial File Transfer from Institutions**

The institution will be sent an upload link via email after the Conference Call for the initial transfer of their students' documents through ShareFile. The institution will be able to immediately begin using the link to upload files to ShareFile. The Compliance Team receives a notification from ShareFile each time a file is uploaded from a PSI.

### **10-Day Missing Documentation**

Once the files sent by the institution are received via ShareFile, a Compliance Team member will download and organize the files. If any missing documents are noted at that time, the institution will be contacted. If any additional information is needed while reviewing the student files, the institution will be contacted.

### **Exchange of documentation throughout CRRE Process**

The institution will be provided ShareFile upload links throughout the CRRE Process, specifically for the initial transfer of documents and report responses. Additional upload links may be provided if any additional information is requested during the CRRE process.

## **Compliance Review Escalations**

GSFC may choose to escalate a Compliance Review at any time during the Compliance Review process. An escalation may include requesting additional information on the existing sample, requesting information for award recipients not in the existing sample, expanding the Compliance Review to include additional fiscal years and expanding the sample within the fiscal year under review.

### **Review Escalation**

In the event the reviewer(s) find an error rate of 20% for all monetary Finding Types, calculated as the number of student records containing error(s) relative to the number of student records reviewed, the institution will be scheduled for a consecutive Compliance Review for the following year, as well as remaining on the institution's current 3-year Compliance Review cycle. The consecutive year's review will be scheduled at the sole discretion of GSFC. The results of the consecutive Compliance Review year should demonstrate a significant reduction in the error rate percentage.

### **Expanded Samples**

In the event the reviewer(s) find an error rate of 10% or greater for any one "monetary related" eligibility requirement (Finding Type) and/or if review results in a final, post-appeal "monetary liability" total error rate of 30% or greater for any one Program Group (Scholarship, Grant, GTEG, LEAP or GED) at the school, calculated as the number of student records containing error(s) relative to the number of student records reviewed, GSFC may at its discretion, depending on the severity, population and potential liability for losses in the Program, select an additional random sample of files for review.

If the error rate remains consistent among the expanded sample, the institution may choose to either have the error rate extrapolated over their entire award population (based on the applicable eligibility requirement or Program Group) for the fiscal year from which the sample was extracted and refund such amounts as this dictates or have their entire applicable fiscal year award portfolio (based on the applicable eligibility requirement or Program Group) subjected to independent review at their expense. If the institution elects to engage an outside reviewer, the reviewer must be approved by GSFC, and the review will be conducted in accordance with guidelines provided by GSFC and completed within six calendar months of the final GSFC report of findings.

## **Post-Review Activities**

### **Deficiency Report**

The Deficiency Report will be issued forty-five (45) days from the date the Exit Interview is held and will be sent to the institutional officers, as designated by each institution. The institution will be given forty-five (45) days to respond to the Deficiency Report, including the opportunity to concur or not concur to each individual finding. The Deficiency Report contains an

explanation of the deficiency and the deficiency's requirements for resolution of the finding. Although potential liability is listed for each finding, the institution should defer remittance for all liabilities until after they have responded to the Deficiency Report and the Final Report has been issued. The institution will have forty-five (45) days to respond to the Deficiency Report with no extensions.

## **Final Report**

The Final Report will be issued thirty (30) days from the original due date for the Deficiency Report response. The original will be sent to the President of the institution, with copies sent to the institutional officers. The Final Report will indicate the disposition of each finding, whether closed or remaining open. The Final Report also explains whether or not the documentation submitted as a response to the Deficiency Report satisfies each finding and, if not, why. The institution will be required to respond to each finding, either by providing any remaining documentation or indicating concurrence, within thirty (30) days of issuance of the Final Report. The Final Report will also note the required corrective actions needed to be designed and fulfilled by the institution in order to ensure that certain procedures will be adopted which will address the findings listed in the report. These required corrective action plans (CAP) will detail the actions the institution will take to ensure that deficiencies identified in the administration of the scholarships and grants programs related to the findings category have been adequately addressed and corrected. The Compliance Review Team will subsequently follow up to confirm that these CAPs have been implemented. In some circumstances, the report may also include Management Notes which will document any operational or procedural concerns that may be contributing to systemic issues at the institution with respect to awarding State funds. The institution's Final Report response will be reviewed by the Compliance Team within thirty (30) days of receipt of the institution's Final Report response. Once all findings are closed and all requested information has been received by the Compliance Team, a remittance device to remit the monetary liabilities will be emailed to the institutional officers and president.

## **Appeal Process**

In the event the institution disagrees with a decision made with regard to the disposition of any finding on the Final Report, it may appeal that decision. The remittance for any liability for that finding may be suspended until a final decision is made through the appeal process, but remittance for any findings not involved in the appeal must be remitted as instructed in the Final Report.

Any outstanding issues that remain after the school submits its Final Report response will be addressed in a Follow-Up to the Final Report Letter. Once the school receives a Follow-Up to the Final Report Letter and wishes to file an appeal, the school must submit the appeal to GSFC's General Counsel within fifteen (15) days of the issuance of the Follow-Up to the Final Report Letter. The General Counsel will review all previously submitted documentation and respond in writing within ten (10) days after receiving the institution's appeal. If the General Counsel approves the appeal, the associated liability will be removed. If the finding is upheld,

the institution must immediately remit the associated liability to GSFC or, within ten (10) days after receiving the decision upholding the finding, may make a final appeal of the finding to the President of GSFC. The President will review all previously submitted documentation and respond in writing within ten (10) days after receiving the institution's appeal. If the President approves the appeal, the associated liability will be removed. If the finding is upheld, the institution must immediately remit the associated liability to GSFC.

### **Compliance Review Closure**

Once all findings have been closed, either through remittance of documentation or monetary remittance, and all corrective actions have been addressed, the Compliance Review will be closed. The institution will receive notification of the closure of the Compliance Review within thirty (30) days of their response to the Final Report, unless the appeal process is exercised by the institution.