## References, Definitions and Acronyms

References included are current as of the date of publication of this guide. The reviewer should identify and use the requirements and standards in effect for the audit being reviewed and cite them in any pertinent documentation and communications. Below are abbreviations used to refer to the requirements and standards referenced as applicable criteria in this guide, as well as some definitions and acronyms commonly found in Title IV audits and examination reports of proprietary schools and third-party servicers:

<table>
<thead>
<tr>
<th>Acronym or Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2023 TIVAG</strong></td>
<td>“Guide for Financial Statement Audits of Proprietary Schools and For Compliance Attestation Examination Engagements of Proprietary Schools and Third-Party Servicers Administering Title IV Programs” issued March 2023</td>
</tr>
<tr>
<td><strong>AU-C</strong></td>
<td>AICPA Auditing Standards (Clarified)</td>
</tr>
<tr>
<td><strong>AT-C</strong></td>
<td>AICPA Auditing Standards (Clarified)</td>
</tr>
<tr>
<td><strong>DR</strong></td>
<td>Desk Review</td>
</tr>
<tr>
<td><strong>GAAS</strong></td>
<td>Generally Accepted Auditing Standards</td>
</tr>
<tr>
<td><strong>GAGAS</strong></td>
<td>Generally Accepted Government Auditing Standards</td>
</tr>
<tr>
<td><strong>GAS</strong></td>
<td>Government Auditing Standards (December 2018 Revision)</td>
</tr>
<tr>
<td><strong>OIG</strong></td>
<td>Office of Inspector General</td>
</tr>
<tr>
<td><strong>QCR</strong></td>
<td>Quality Control Review</td>
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</table>
### Objectives

The objectives of this QCR guide are to:

1. determine whether the Title IV audit was conducted in accordance with applicable standards, which include GAGAS, GAAS, AICPA Attestation Standards, and meets the requirements of the 2023 TIVAG;

2. identify any follow-up work needed to support the conclusions and opinions contained in the reporting package; and,

3. identify issues that may require appropriate management official attention.

### Applicability and Use

This guide is effective for QCRs of proprietary school and servicer Title IV audits/examinations of fiscal years beginning on or after January 1, 2023, or for earlier fiscal years where the 2023 TIVAG is early implemented. It is intended that this guide serve as the minimum documentation to support the QCR.

This guide is designed for use by reviewers who are knowledgeable about proprietary school or third-party servicer Title IV audit/examination requirements. Reviewers using this guide should have access to and be familiar with the contents of the 2023 TIVAG (including any Dear CPA Letters), AICPA auditing and attestation standards, GAGAS, and the AAG-GAS. Reviewers should update the guide to reflect any subsequent changes to the auditing or attestation standards and AAG-GAS. Reviewers should use professional judgment in developing a review approach by adding or omitting procedures as appropriate.

Criteria references to GAGAS are to the specific requirement. Per GAS 2.09, the reviewer should also be aware of GAGAS application guidance to understand the proper application of the referenced requirement. Criteria references to AU-C and AT-C are generally to the most current version, as of the issuance date of this guide.

This guide does not contain information regarding performing an audit/examination under prior versions of the TIVAG.
Guide Format and Instructions

The guide is generally organized by audit/examination standards and elements of a proprietary school or servicer Title IV audit or examination, focusing on the portions of the Title IV audit that are of most interest to U.S. Department of Education officials. The initial step of any QCR is to perform a DR of the reporting package, using the Guide for Desk Reviews of Title IV Audits.

"Yes" answers mean the reviewer did not identify quality deficiencies with the auditor’s related work. “No” answers must be fully explained and cross referenced to the QCR documentation that supports and/or explains the quality deficiency. The reviewer should include a comment explaining the "N/A" answers if the reason would not be apparent to a supervisor or a person not participating in the QCR.

For all questions that refer to “engagement documentation,” reviewers should answer the question based on their review of all applicable information contained in the auditors’ engagement file.

When reaching specific and overall conclusions on the quality of the audit/engagement, the reviewer should exercise professional judgment and document the basis for their final conclusions. A “No” answer, by itself, does not indicate that the audit does not meet standards.

Overall QCR Evaluation Summary

Based on our review, the rating assigned to the reporting package is:

- **Pass**: Engagement documentation contains no quality deficiencies or only minor quality deficiencies that do not require corrective action.
- **Pass with Deficiencies**: Engagement documentation contains quality deficiencies that should be brought to the attention of the auditor (and auditee, where appropriate) for correction in future engagements.
- **Fail**: Engagement documentation contains quality deficiencies that affect the reliability of the engagement results and/or engagement documentation does not support one or more of the opinions expressed in the engagement report(s), and require correction for the engagement under review.

Did the audit evidence identify any condition/issue that should have been, but was not, reported as a finding? If yes, describe the condition, including the DR or QCR step and reviewer’s workpaper reference to support reviewer’s statement.
### School General Procedures

**GENERAL REQUIREMENTS AND PROCEDURES APPLICABLE TO SCHOOL AUDITS AND EXAMINATIONS**

**Engagement Periods and Waivers**

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
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<tbody>
<tr>
<td>QCR-1</td>
<td>Was the engagement period based on the school’s fiscal year (unless the school was beginning or ending participation or changing its fiscal year end) and did the period examined for compliance include all periods since the prior compliance audit/examination engagement?</td>
<td>2023 TIVAG Ch.1, A.4</td>
</tr>
<tr>
<td>QCR-2</td>
<td>If the school was granted a waiver of the annual financial statement audit and compliance examination engagement, did the submitted audit/examination cover:</td>
<td>2023 TIVAG Ch.1, A.6</td>
</tr>
<tr>
<td>QCR-2a</td>
<td>The school’s administration of the Title IV programs for each fiscal year for which an audit/examination did not have to be submitted as a result of the waiver?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-2b</td>
<td>A financial statement audit for the school’s last fiscal year?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-2c</td>
<td>Annual determinations for the period subject to the waiver that the school satisfied the 90/10 revenue percentage and the other conditions of school eligibility under, and disclose the results of the audit of the 90/10 revenue percentage for each year?</td>
<td>-</td>
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**Auditor Qualifications**

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<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-3</td>
<td>Was the engagement documentation free of indications that the auditor was not independent?</td>
<td>2023 TIVAG Ch.1, E.1 GAS 3.18-.20</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</table>
| QCR-4           | Did the engagement documentation include support that the auditor applied the GAGAS conceptual framework at the audit organization, audit, and individual auditor level to:  
[Note: Activities such as accounting records and financial statements preparation, internal audit assistance service, and appraisal, valuation, or actuarial services are considered nonaudit services under GAGAS and should be evaluated using this conceptual framework.] | AU-C 200.15  
AT-C 105.26 |
| QCR-4a          | Identify threats to independence? | 2023 TIVAG Ch.1, E.1  
GAS 3.27-.34, 3.107 |
| QCR-4b          | Evaluate the significance of any threats, individually and in the aggregate?  
[Note: GAO has indicated that financial statements preparation, except in rare circumstances, should generally be considered a significant threat to independence.] | - |
| QCR-4c          | Apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level? | GAS 3.59-.60 |
| QCR-5           | If the auditor provided nonaudit services to the audited entity, did the engagement documentation support that the auditor considered management’s ability to effectively oversee the nonaudit service to be performed, including the auditor’s determination that the audited entity had designated an individual who possessed suitable skill, knowledge, or experience, and that the individual understood the services to be performed sufficiently to oversee them? | 2023 TIVAG Ch.1, E.1  
GAS 3.73-.79 |
| QCR-6           | Did the auditor use professional judgment in planning and conducting the engagement and in reporting the results?  
[Note: Reviewers should answer this question within the context of the scope of their review and based on the results of the QCR. Consideration should be given as to | 2023 TIVAG Ch.1, E.1  
GAS 3.109;  
AU-C 200.17-.18  
AT-C 105.46-48 |
<table>
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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-7</td>
<td>Did auditors responsible for planning, directing, performing engagement procedures, and reporting on the engagement meet the GAGAS continuing professional education requirements?</td>
<td>2023 TIVAG Ch.1, E.1 GAS 4.16-.18</td>
</tr>
</tbody>
</table>
| QCR-8           | In the judgment of the reviewer, did the auditors assigned to conduct the engagement collectively possess the competence needed to address the engagement objectives and perform their work in accordance with GAGAS?  
[Note: Reviewers should answer this question within the context of the scope of their review and based on the results of the QCR. Consideration should be given as to whether the assigned staff have the technical knowledge of Title IV programs and GAGAS audits.] | 2023 TIVAG Ch.1, E.1 GAS 4.02-4.04                  |
| QCR-9           | Did the audit organization have an external peer review performed by reviewers independent of the audit organization within the last 3 years? | 2023 TIVAG Ch.1, E.1 GAS 5.60, 5.84                  |
| QCR-10          | Were the auditor(s) licensed certified public accountants, persons working for licensed certified public accounting firms, or licensed accountants in states that have multiclass licensing systems that recognize licensed accountants other than certified public accountant? | 2023 TIVAG Ch.1, E.2 GAS 6.04/7.07                  |
| QCR-11          | If the school is located in a State outside the auditor's home State, did the engagement documentation include evidence that the auditor complied with the applicable State’s public accountancy licensing requirements in effect at the time the engagement was conducted? | 2023 TIVAG Ch.1, E.2 |
### Fraud Reporting

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
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<tbody>
<tr>
<td>QCR-12</td>
<td>If the auditor detected indications of fraud related to Title IV funds, or if the auditor learned that management identified possible fraud related to Title IV funds and failed to report the possible fraud as required, did the audit documentation support that the auditor:</td>
<td>2023 TIVAG Ch.1, H.1 AU-C 240.42 AT-C 205.34 GAS 6.13, 7.15</td>
</tr>
<tr>
<td>QCR-12a</td>
<td>Reported the matter immediately to the appropriate regional office of ED-OIG’s Investigation Services?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12b</td>
<td>Prepared a separate written report concerning fraud or indications of such activities?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12c</td>
<td>Communicated with ED-OIG’s Investigation Services about whether the separate written report should be submitted with financial audit and/or compliance examination engagement reports?</td>
<td>-</td>
</tr>
</tbody>
</table>

### Engagement Letter

<table>
<thead>
<tr>
<th>Question Number</th>
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<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-13</td>
<td>Did the engagement letter between the auditor and the school include the following elements:</td>
<td>2023 TIVAG Ch.1, H.2</td>
</tr>
<tr>
<td>QCR-13a</td>
<td>A statement that the engagement is to be conducted in accordance with GAGAS (or PCAOB Standards, if applicable) and this Guide?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13b</td>
<td>A description of the scope of the engagement and the related reporting that will meet the requirements of this Guide?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13c</td>
<td>A statement that the auditor(s), the audit firm, its partners, assigned audit staff or contractors capable of substantially influencing the development or outcome of the engagement are not currently debarred from participating in any</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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<tr>
<td>QCR-13d</td>
<td>Disclose the names of any contractors, or staff of the auditor or the firm, that will be working on the engagement that are debarred from participating in any procurement and non-procurement transactions of any Federal executive branch agency?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13e</td>
<td>A statement that both parties understand that ED will use the auditor’s report to help carry out its oversight responsibilities of the Title IV programs?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13f</td>
<td>A statement that the school provides the auditor all required representations and assertions, as well as the required corrective action plan if findings are disclosed during the engagement?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13g</td>
<td>A statement that the school has informed the auditor of early implementation on any regulatory changes?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13h</td>
<td>A statement that the school understands that the auditor is required to immediately report to the appropriate regional office of ED-OIG’s Investigation Services any indications of fraud related to Title IV funds or any possible fraud identified by management that was not appropriately reported?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13i</td>
<td>A provision that the auditor should provide upon request from ED, the ED-OIG, or their representatives, access to audit/examination documentation, including access to audit/examination information stored in electronic format, and including the ability to retain copies of that information in paper or electronic form?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13j</td>
<td>A provision that the auditor should retain audit/examination documentation and reports for a minimum of five years after the date of issuance of the auditor’s report(s) to the entity, unless a pertinent law or regulation provides for a longer</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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<tr>
<td></td>
<td>retention period, or the auditor is notified in writing by ED or us to extend the retention period?</td>
<td></td>
</tr>
<tr>
<td>QCR-13k</td>
<td>A provision that the auditor provides a copy of the firm’s most recent external peer review report to the school procuring the auditor’s services when requested, and will provide any subsequent external peer review reports during the life of the contract, when requested?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-13l</td>
<td>A provision that the auditor will provide a copy of the firm license to the school procuring the auditor’s services when requested and will provide any subsequent licenses during the life of the contract, when requested?</td>
<td>-</td>
</tr>
</tbody>
</table>

**SCHOOL FINANCIAL STATEMENT AUDIT**

Financial Statement Requirement

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-14</td>
<td>Was the financial statement audit performed at the eligible school level (determined by the first six digits of the eight-digit OPE ID), or for a school group (schools under common ownership), was the audit performed on the consolidated financial statements?</td>
<td>2023 TIVAG Ch.2, A.1</td>
</tr>
<tr>
<td>QCR-15</td>
<td>If the auditor was engaged to perform the audit of the school’s financial statements and not the compliance examination, did the audit documentation support that the auditor: (1) determined whether the total amount of revenue attributable to Title IV programs was material to the school’s total revenue, and if so (2) considered the results of the compliance examination when reporting on the financial statements for the same period?</td>
<td>2023 TIVAG Ch.1, A.7</td>
</tr>
</tbody>
</table>
### Internal Control and Risk Assessment

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>QCR-16</td>
<td>Did the auditor obtain a sufficient understanding of the entity and its environment, the applicable financial reporting framework, and the entity’s system of internal control, to identify and assess risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels?</td>
<td>AU-C 315</td>
</tr>
<tr>
<td>QCR-17</td>
<td>Did the audit documentation support that the auditor designed and performed audit procedures (1) to address the assessed risks of material misstatement at the financial statement level and (2) whose nature, timing, and extent were based on, and responsive to, the assessed risk of material misstatement at the assertion level?</td>
<td>AU-C 330.05-.24, .30</td>
</tr>
</tbody>
</table>

### Fraud

<table>
<thead>
<tr>
<th>Question Number</th>
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<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-18</td>
<td>Did the audit documentation support that the auditor obtained reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error by performing the following:</td>
<td>-</td>
</tr>
<tr>
<td>QCR-18a</td>
<td>A discussion among the key engagement team members regarding the risks of material misstatement due to fraud?</td>
<td>AU-C 240.15, .43a</td>
</tr>
<tr>
<td>QCR-18b</td>
<td>Inquiries of management, those charged with governance, individuals within the internal audit function, and others within the entity as appropriate to obtain their views about the risks of fraud, including whether there is knowledge of any fraud or suspected fraud affecting the entity, and how the risks of fraud were addressed?</td>
<td>AU-C 240.17-.21</td>
</tr>
<tr>
<td>QCR-18c</td>
<td>Evaluation of whether fraud risk factors were identified during the risk assessment?</td>
<td>AU-C 240.24</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-18d</td>
<td>Identification and assessment of the risks of material misstatement due to fraud, including a presumption that risks of fraud exist in revenue recognition?</td>
<td>AU-C 240.25-.27, .43b</td>
</tr>
<tr>
<td>QCR-18e</td>
<td>Overall responses to the assessed risk of material misstatement due to fraud, including those designed to address the risk of management override of controls?</td>
<td>AU-C 240.28-.32</td>
</tr>
</tbody>
</table>

**Identification, Evaluation, and Communication of Audit Findings**

<table>
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<tr>
<th>Question Number</th>
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</thead>
<tbody>
<tr>
<td>QCR-19</td>
<td>If the auditor identified control deficiencies or instances of noncompliance material to the financial statements, did the audit documentation support:</td>
<td>AU-C 230.08(c) AU-C 265.08-.10</td>
</tr>
<tr>
<td>QCR-19a</td>
<td>The determination as to whether control deficiencies either individually or in combination were a significant deficiency or a material weakness?</td>
<td></td>
</tr>
<tr>
<td>QCR-19b</td>
<td>The basis for the auditor’s conclusion if exceptions identified in the audit documentation were not reported (“proper disposition of exceptions”)?</td>
<td></td>
</tr>
<tr>
<td>QCR-20</td>
<td>Did the audit documentation support that the auditor communicated in writing to audited entity officials when the auditor identified or suspected fraud or noncompliance that have an effect on the financial statements or other financial data significant to the audit objectives that is less than material but warrants the attention of those charged with governance?</td>
<td>GAS 6.44(b) AU-C 260.12</td>
</tr>
</tbody>
</table>
## Compliance with Other Standards

<table>
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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-21</td>
<td>If there were conditions identified that indicated that there could be substantial doubt about the entity’s ability to continue as a going concern, did the auditor comply with AU-C 570?</td>
<td>AU-C 570</td>
</tr>
<tr>
<td>QCR-22</td>
<td>Did the audit documentation support that the auditor considered information about subsequent events that occurred after the end of the examination period and through the date of the auditor’s report?</td>
<td>AU-C 560</td>
</tr>
<tr>
<td>QCR-23</td>
<td>Did the audit documentation support that the auditor designed and performed procedures to identify litigation, claims, and assessments that may give rise to a risk of material misstatement, including communication with the entity's legal counsel, when appropriate?</td>
<td>AU-C 501.17-.25</td>
</tr>
<tr>
<td>QCR-24</td>
<td>Was the audit documentation for the audit of the financial statements prepared in sufficient detail to provide a clear understanding of the procedures performed (including identifying characteristics of items tested and who performed and reviewed the audit work and the date such work was completed and reviewed), the audit evidence obtained, and the conclusions reached?</td>
<td>GAS 6.31 AU-C 230 AU-C 500</td>
</tr>
<tr>
<td>QCR-25</td>
<td>If the auditor used the work of internal auditors in conducting the financial statement audit, did the audit documentation support that the auditor considered the objectivity and competency of the internal audit function, documented the basis for the decision regarding the nature and extent of the internal audit function’s work performed and used by the auditor, and the auditor’s review of the internal audit functions work.</td>
<td>2023 TIVAG Ch.1, E.3 AU-C 610</td>
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</table>
### Question Number | Question                                                                                                                                                                                                 | Criteria |
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<tr>
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<tbody>
<tr>
<td>QCR-21</td>
<td>If there were conditions identified that indicated that there could be substantial doubt about the entity’s ability to continue as a going concern, did the auditor comply with AU-C 570?</td>
<td>AU-C 570</td>
</tr>
</tbody>
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### Management Representations

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>QCR-26</td>
<td>Were the following written representations obtained from management concerning the financial statement audit:</td>
<td>-</td>
</tr>
<tr>
<td>QCR-26a</td>
<td>Management has fulfilled its responsibility for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework?</td>
<td>AU-C 580.10(a)</td>
</tr>
<tr>
<td>QCR-26b</td>
<td>Management has fulfilled its responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error?</td>
<td>AU-C 580.10(b)</td>
</tr>
<tr>
<td>QCR-26c</td>
<td>Management has provided the auditor with all relevant information and access, as agreed upon in the terms of the audit engagement?</td>
<td>AU-C 580.11(a)</td>
</tr>
<tr>
<td>QCR-26d</td>
<td>All transactions have been recorded and are reflected in the financial statements?</td>
<td>AU-C 580.11(b)</td>
</tr>
<tr>
<td>QCR-26e</td>
<td>Management acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud?</td>
<td>AU-C 580.12(a)</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-26f</td>
<td>Management has disclosed to the auditor the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud?</td>
<td>AU-C 580.12(b)</td>
</tr>
<tr>
<td>QCR-26g</td>
<td>Management has disclosed to the auditor its knowledge of fraud or suspected fraud affecting the entity involving (i) management, (ii) employees who have significant roles in internal control, or (iii) others when the fraud could have a material effect on the financial statements?</td>
<td>AU-C 580.12(c)</td>
</tr>
<tr>
<td>QCR-26h</td>
<td>Management has disclosed to the auditor its knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others?</td>
<td>AU-C 580.12(d)</td>
</tr>
<tr>
<td>QCR-26i</td>
<td>All instances of identified or suspected noncompliance with laws and regulations whose effects should be considered by management when preparing financial statements have been disclosed to the auditor?</td>
<td>AU-C 580.13</td>
</tr>
<tr>
<td>QCR-26j</td>
<td>If there were uncorrected misstatements, whether management believes the effects of uncorrected misstatements are immaterial, individually and in the aggregate, to the financial statements as a whole?</td>
<td>AU-C 580.14</td>
</tr>
<tr>
<td>QCR-26k</td>
<td>All known actual or possible litigation and claims whose effects should be considered by management when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework?</td>
<td>AU-C 580.15</td>
</tr>
<tr>
<td>QCR-26l</td>
<td>Whether management believes significant assumptions used by it in making accounting estimates are reasonable?</td>
<td>AU-C 580.16</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-26m</td>
<td>Management has disclosed to the auditor the identity of all the entity's related parties and all the related party relationships and transactions of which it is aware?</td>
<td>AU-C 580.17(a)</td>
</tr>
<tr>
<td>QCR-26n</td>
<td>Management has appropriately accounted for and disclosed such related party relationships and transactions?</td>
<td>AU-C 580.17(b)</td>
</tr>
<tr>
<td>QCR-26o</td>
<td>All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed?</td>
<td>AU-C 580.18</td>
</tr>
<tr>
<td>QCR-26p</td>
<td>Management acknowledges its responsibility for the presentation of the Financial Responsibility Supplemental Schedule in accordance with the applicable criteria?</td>
<td>AU-C 725.07(g)(i)</td>
</tr>
<tr>
<td>QCR-26q</td>
<td>Management believes the Financial Responsibility Supplemental Schedule, including its form and content, is fairly presented in accordance with the applicable criteria?</td>
<td>AU-C 725.07(g)(ii)</td>
</tr>
<tr>
<td>QCR-26r</td>
<td>The methods of measurement or presentation for the Financial Responsibility Supplemental Schedule have not changed from those used in the prior period or, if the methods of measurement or presentation have changed, the reasons for such changes?</td>
<td>AU-C 725.07(g)(iii)</td>
</tr>
<tr>
<td>QCR-26s</td>
<td>About any significant assumptions or interpretations underlying the measurement or presentation of the Financial Responsibility Supplemental Schedule?</td>
<td>AU-C 725.07(g)(iv)</td>
</tr>
</tbody>
</table>

**Related Party Transactions**

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>QCR-27</td>
<td>Did the audit documentation support that the auditor performed the following procedures to determine if the school’s footnotes to its financial statements accurately and comprehensively described its transactions with related parties?</td>
<td>2023 TIVAG Ch.2, B.1</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-27a</td>
<td>Examined the notes disclosing related party transactions, and determine whether they include the information required by 34 C.F.R. § 668.23(d)(1)?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-27b</td>
<td>Reviewed accounting records and interviewed management to determine whether there were any related party transactions that had not been disclosed in the notes to the financial statements?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-27c</td>
<td>Reported as findings, in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <em>Government Auditing Standards</em>, (1) any undisclosed related party transactions, (2) any note that does not include a level of detail that enables ED to readily identify the related party?</td>
<td>-</td>
</tr>
</tbody>
</table>

**90/10 Revenue Percentage**

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>QCR-28</td>
<td>Was the audit documentation free of indications that the 90/10 revenue calculation was made by the auditor (and not by the school, as required)?</td>
<td>2023 TIVAG Ch.2, B.2</td>
</tr>
<tr>
<td>QCR-29</td>
<td>Did the audit documentation support that the auditor obtained the school's 90/10 revenue percentage footnote and determined if it is presented in accordance with 34 C.F.R. § 668.23(d)(3) and Example D-3b from CPA-23-02, included the following:</td>
<td>CPA-23-02, Enclosure 1, B.2.a</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-29a</td>
<td>The calculated percentage of revenues derived from Federal funds that the school received during the fiscal year?</td>
<td></td>
</tr>
<tr>
<td>QCR-29b</td>
<td>The dollar amount of the numerator and denominator of its 90/10 ratio?</td>
<td></td>
</tr>
<tr>
<td>QCR-29c</td>
<td>The individual revenue amounts identified in Section 2 of Appendix C to Subpart B of Part 668 of the regulations and in Example D-3b from CPA-23-02.</td>
<td></td>
</tr>
<tr>
<td>QCR-30</td>
<td>Did the audit documentation support that the auditor identified all records used by the school to determine the elements of and to perform the calculations required for the 90/10 revenue percentage and performed the following procedures:</td>
<td>CPA-23-02, Enclosure 1, B.2.b</td>
</tr>
<tr>
<td>QCR-30a</td>
<td>Determined whether the amounts included in the 90/10 calculation for Student Title IV Revenue, Federal Funds Paid Directly to the Student, Federal Funds Paid Directly to Institution, and Student Non-Federal Revenue are determined and summed on a student-by-student basis?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-30b</td>
<td>Determined whether the school used the cash basis of accounting in calculating its revenue percentage by testing whether the school counted the Title IV and other Federal funds the school received to pay tuition, fees, and other institutional charges of eligible students during its fiscal year?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-30c</td>
<td>Determined whether the school complied with the disbursement rule in 34 C.F.R. § 668.28(a)(2) by selecting a sample of students who were enrolled in the last month of the fiscal year and testing whether those students were eligible for and received a disbursement by the end of the fiscal year, unless there is evidence that the disbursement was not made due to factors outside of the school’s control (e.g., the student declined the disbursement or the school was impacted by a natural disaster)?</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<td>Criteria</td>
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</tr>
<tr>
<td>QCR-30d</td>
<td>Tested the reliability and accuracy of the data used, tracing to source records as needed?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-31</td>
<td>Did the audit documentation support that the auditor determined whether Federal revenue was included in or excluded from the calculation in accordance with 34 C.F.R. § 668.28, by performing the following procedures:</td>
<td>CPA-23-02, Enclosure 1, B.2.c</td>
</tr>
<tr>
<td>QCR-31a</td>
<td>Compared the Student Title IV Revenue included in the calculation to the school’s G5 External Award Activity Report and reconciled any differences, ensuring that funds drawn during the audited period, including funds drawn from prior award years, were included in the amounts disbursed?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-31b</td>
<td>Reviewed the process by which the school identified and accounted for all Federal education assistance funds identified in a list issued by ED that were disbursed directly to the school or students, and performed tests to ascertain that the school’s process is operating to effectively include all Federal education assistance funds in the school’s 90/10 calculation?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-31c</td>
<td>If funds from Federal programs subject to matching requirements were included as Student Federal Revenue, determined whether the Adjusted Amount represents only the Federal share, and not the institutional match?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-31d</td>
<td>If FWS funds were included as Student Federal Revenue, determined whether the amount represented only FWS funds credited to student accounts, and not wages paid directly to the student?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-31e</td>
<td>For a sample of students, determined whether the school followed the application of funds requirement at 34 C.F.R. § 668.28(a)(4) to determine the adjustment to Student Federal Revenue for the amount of Funds Applied First plus Student Federal Revenue that is in excess of Tuition and Fees?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-31f</td>
<td>Determined whether the school appropriately excluded funds held as credit balances from the calculation and accurately identified Title IV and non-Title IV credit balance amounts</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<td>Criteria</td>
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<tr>
<td></td>
<td>remaining at the end of the prior fiscal year to include in the current fiscal year calculation?</td>
<td></td>
</tr>
<tr>
<td>QCR-31g</td>
<td>Determined whether the school reduced Student Federal Revenue by the amount of Federal education assistance funds returned for students that withdrew or required to be returned under the applicable program?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-32</td>
<td>Did the audit documentation support that the auditor determined whether non-Federal revenue was included in or excluded from the calculation in accordance with 34 C.F.R. § 668.28, by performing the following procedures:</td>
<td>CPA-23-02, Enclosure 1, B.2.d</td>
</tr>
<tr>
<td>QCR-32a</td>
<td>If institutional scholarships in the form of monetary aid and based on the academic achievement or financial need of its students were included as Student Non-Federal Revenue in the school’s calculation, determined that (a) only amounts disbursed to students during the fiscal year are included as revenue, (b) the scholarships were disbursed from an established restricted account, and (c) the funds in the restricted account represented designated funds from an outside source that was unrelated to the school, its owners, or its affiliates or income earned on those funds?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-32b</td>
<td>If student cash payments were included as Student Non-Federal Revenue in the school’s calculation, determined that the school included as revenue only the amount received during the fiscal year that was needed to cover Tuition and Fees that were not paid by Funds Applied First and Student Federal Revenue?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-32c</td>
<td>If revenue generated by the school from activities conducted by the school that were necessary for the education and training of its students were included as Revenue from Other Sources in the school’s calculation, determined that they were from qualified activities (a) conducted on campus or at a facility under the school’s control; (b) performed under the supervision of a member of the school’s faculty; (c) required to be performed by all students in a specific educational program</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<tr>
<td>QCR-32d</td>
<td>If revenue generated by the school from funds paid by a student, or on behalf of a student by a party unrelated to the school, its owners, or affiliates, for education and training in non-Title IV eligible programs were included as Revenue from Other Sources in the school’s calculation, determined that they were from a qualified non-Title IV eligible program that (a) did not include any courses offered in an eligible program; (b) was provided by the school and taught by one of the school’s instructors at its main campus, an approved additional location, another school facility approved by the State agency or accrediting agency, or an employer facility; and (c) either (i) was approved or licensed by the appropriate State agency, (ii) was accredited by an accrediting agency recognized by the Secretary under 34 C.F.R. part 602, (iii) provided an industry-recognized credential or certification, (iv) provided training needed for students to maintain State licensing requirements, or (v) provided training needed for students to meet additional licensing requirements for specialized training for practitioners that already meet the general licensing requirements in that field?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-32e</td>
<td>If student payments on loans or income share agreements issued by the school or a third-party related to the school were included as Revenue from Other Sources in the school’s calculation, determined that (a) the Adjusted Amount represented only principal payments and payment amounts that represented a return of capital and (b) proceeds from the sale of those loans or income share agreements were not included as revenue in the calculation?</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<tr>
<td>QCR-33</td>
<td>Did the audit documentation support that the auditor determined whether</td>
<td>2023 TIVAG Ch.2, B.3 AU-C 725.05</td>
</tr>
<tr>
<td></td>
<td>the following conditions exist in order to opine on whether the Financial</td>
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<tr>
<td></td>
<td>Responsibility Supplemental Schedule is fairly stated, in all material</td>
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<tr>
<td></td>
<td>respects in relation to the school’s financial statements as a whole:</td>
<td></td>
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<tr>
<td>QCR-33a</td>
<td>The schedule was derived from, and relates directly to, the underlying</td>
<td></td>
</tr>
<tr>
<td></td>
<td>accounting and other records used to prepare the financial statements?</td>
<td></td>
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<tr>
<td>QCR-33b</td>
<td>The schedule relates to the same period as the financial statements?</td>
<td></td>
</tr>
<tr>
<td>QCR-33c</td>
<td>The auditor issued an opinion on the financial statements that was not</td>
<td></td>
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<tr>
<td></td>
<td>adverse or a disclaimer of opinion?</td>
<td></td>
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<tr>
<td>QCR-33d</td>
<td>The schedule accompanied the school's audited financial statements, or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>such audited financial statements were made readily available by the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>school?</td>
<td></td>
</tr>
<tr>
<td>QCR-34</td>
<td>Did the audit documentation support that the auditor obtained the</td>
<td>2023 TIVAG Ch.2, B.3 AU-C 725.06</td>
</tr>
<tr>
<td></td>
<td>agreement of management that it acknowledges and understands its</td>
<td></td>
</tr>
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<td></td>
<td>responsibilities related to the Financial Responsibility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supplemental Schedule:</td>
<td></td>
</tr>
<tr>
<td>QCR-34a</td>
<td>For the preparation of the schedule in accordance with the applicable</td>
<td></td>
</tr>
<tr>
<td></td>
<td>criteria?</td>
<td></td>
</tr>
<tr>
<td>QCR-34b</td>
<td>To provide the auditor with the applicable written representations?</td>
<td></td>
</tr>
<tr>
<td>QCR-34c</td>
<td>To include the auditor's report on the schedule in any document that</td>
<td></td>
</tr>
<tr>
<td></td>
<td>contains the schedule and that indicates that the auditor has reported</td>
<td></td>
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<tr>
<td></td>
<td>on the schedule?</td>
<td></td>
</tr>
<tr>
<td>QCR-34d</td>
<td>To present the schedule with the audited financial statements or, if the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>schedule would not be presented with the audited financial statements,</td>
<td></td>
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<tr>
<td></td>
<td>to make the audited financial statements readily available to the</td>
<td></td>
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<tr>
<td></td>
<td>intended users of the schedule no later</td>
<td></td>
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<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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<tr>
<td></td>
<td>than the date of issuance of the schedule by the school and the auditor's report?</td>
<td></td>
</tr>
<tr>
<td>QCR-35</td>
<td>Did the auditor, using the same materiality level used in the financial statements audit, perform the following procedures in order to opine on whether the Financial Responsibility Supplemental Schedule is fairly stated, in all material respects, in relation to the financial statements as a whole:</td>
<td>2023 TIVAG Ch.2, B.3 AU-C 725.07</td>
</tr>
<tr>
<td>QCR-35a</td>
<td>Inquired of management about the purpose of the schedule and the criteria used by management to prepare the supplementary information?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-35b</td>
<td>Determined whether the form and content of the schedule complies with the applicable criteria?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-35c</td>
<td>Obtained an understanding about the methods of preparing the schedule and determined whether the methods of preparing the schedule have changed from those used in the prior period and, if the methods have changed, the reasons for such changes?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-35d</td>
<td>Compared and reconciled the schedule to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-35e</td>
<td>Inquired of management about any significant assumptions or interpretations underlying the measurement or presentation of the schedule?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-35f</td>
<td>Evaluated the appropriateness and completeness of the schedule, considering the results of the procedures performed and other knowledge obtained during the audit of the financial statements?</td>
<td>-</td>
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</table>
### SCHOOL COMPLIANCE EXAMINATION ENGAGEMENT

Examination-level Attestation Engagement

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-36</td>
<td>Did the engagement documentation support that the auditor performed an examination-level attestation engagement and that the compliance examination engagement was performed in accordance with the standards applicable to examination engagements contained in <em>Government Auditing Standards</em> and AICPA’s clarified attestation standards?</td>
<td>2023 TIVAG Ch. 3, A</td>
</tr>
</tbody>
</table>

### Defining the Entity for Audit

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-37</td>
<td>Did the engagement documentation support that the auditor performed the compliance examination engagement at the eligible school level (determined by the first six digits of the assigned eight-digit OPE ID number assigned to the school)?</td>
<td>2023 TIVAG Ch. 3, B.1</td>
</tr>
<tr>
<td>QCR-38</td>
<td>Did the engagement documentation support that the scope of the compliance examination engagement included funds provided through the eligible school to students attending additional locations of that school?</td>
<td>2023 TIVAG Ch. 3, B.1</td>
</tr>
</tbody>
</table>

### Management Assertions and Representations

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-39</td>
<td>Were the following written representations obtained from management concerning the compliance examination engagement?</td>
<td>2023 TIVAG Ch. 3, B.2</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-39a</td>
<td>Management’s assertions about whether it complied with the following applicable requirements: Institutional Eligibility and Participation, Reporting, Student Eligibility, Disbursements, Return of Title IV Funds, Cash Management, Perkins Loan Program, Administrative Requirements, Zone Alternative, and Close Out.</td>
<td>2023 TIVAG Ch.3, B.2 AT-C 205.51(a)</td>
</tr>
<tr>
<td>QCR-39b</td>
<td>All relevant matters are reflected in management's assertions about compliance?</td>
<td>AT-C 205.51(b)</td>
</tr>
<tr>
<td>QCR-39c</td>
<td>All known matters contradicting management’s assertions about compliance and any communication from regulatory agencies or others affecting the school’s compliance have been disclosed to the practitioner, including communications received between the end of the fiscal year and the date of the practitioner’s report?</td>
<td>AT-C 205.51(c)</td>
</tr>
<tr>
<td>QCR-39d</td>
<td>Management acknowledges responsibility for compliance with the applicable requirements of the Title IV programs and the assertions about compliance?</td>
<td>AT-C 205.51(d)</td>
</tr>
<tr>
<td>QCR-39e</td>
<td>Management has disclosed to the practitioner i. all deficiencies in internal control relevant to the engagement of which Management is aware; ii. its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the school's compliance; iii. other matters as deemed appropriate?</td>
<td>AT-C 205.51(e)</td>
</tr>
<tr>
<td>QCR-39f</td>
<td>Any known events subsequent to the fiscal year being reported on that would have a material effect on the school's compliance have been disclosed to the practitioner?</td>
<td>AT-C 205.51(f)</td>
</tr>
<tr>
<td>QCR-39g</td>
<td>Management has provided the practitioner with all relevant information and access?</td>
<td>AT-C 205.51(g)</td>
</tr>
<tr>
<td>QCR-39h</td>
<td>Management acknowledges its responsibility for establishing and maintaining effective internal control over compliance.</td>
<td>AT-C 315.17(a)</td>
</tr>
<tr>
<td>QCR-39i</td>
<td>Management has performed an evaluation of the school's compliance with applicable compliance requirements?</td>
<td>AT-C 315.17(b)</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-39j</td>
<td>Stating Management's interpretation of any compliance requirements that have varying interpretations?</td>
<td>AT-C 315.17(c)</td>
</tr>
<tr>
<td>QCR-39k</td>
<td>Stating that Management has disclosed any known noncompliance occurring during or subsequent to the period covered by the practitioner’s report?</td>
<td>AT-C 315.17(d)</td>
</tr>
<tr>
<td>QCR-39l</td>
<td>Stating whether the school offered correspondence courses, provided education to incarcerated students, or (if the school does not provide a four-year bachelor’s or two-year associate degree) had students that had neither a high school diploma nor the recognized equivalent?</td>
<td>2023 TIVAG Ch.3, C.1.7.a.1</td>
</tr>
<tr>
<td>QCR-39m</td>
<td>Stating whether the school, or an affiliate of the school that has the power (by contract or ownership interest) to direct or cause the direction of the management of policies of the school, has not made any bankruptcy filing or been subject to any order for relief in bankruptcy?</td>
<td>2023 TIVAG Ch.3, C.1.7.a.2</td>
</tr>
<tr>
<td>QCR-39n</td>
<td>Stating that neither the school, its owner, nor its chief executive officer has (a) plead guilty or nolo contendere to or has been found guilty of a crime involving Title IV program funds or (b) been judicially determined to have committed fraud involving Title IV program funds?</td>
<td>2023 TIVAG Ch.3, C.1.7.a.3</td>
</tr>
<tr>
<td>QCR-39o</td>
<td>Stating whether the school participates in any preferred lender arrangements as defined at 34 C.F.R. § 601.2?</td>
<td>2023 TIVAG Ch.3, C.1.8.a</td>
</tr>
<tr>
<td>QCR-39p</td>
<td>The school has reported to ED OIG Investigation Services all known criminal misconduct involving Title IV funds by any student, employee, servicer, or other agent of the school involved in the administration of the school’s Title IV programs or the receipt of funds under those programs?</td>
<td>2023 TIVAG Ch.3, C.8.3.a</td>
</tr>
<tr>
<td>QCR-39q</td>
<td>If participating under the Zone Alternative, stating whether any of the events specified at 34 C.F.R. § 668.175(d)(2)(ii) occurred and, if so, whether management notified ED within 10 days in the required manner?</td>
<td>2023 TIVAG Ch.3, C.9.1.a</td>
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</table>
### Assessing Risk and Internal Controls

<table>
<thead>
<tr>
<th>Question Number</th>
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</thead>
</table>
| QCR-40          | Did the engagement documentation support that the auditor obtained an understanding of the compliance requirements and an understanding of internal controls over compliance, for each compliance assertion sufficient to identify and assess the risks of material noncompliance, provide the basis for designing and performing procedures in response to assessed risks, and to provide a basis for obtaining reasonable assurance to support the practitioner’s opinion?  
*Note: Standards require the auditor to perform procedures in addition to inquiry of personnel, such as inspection of documents and observation of activities* | 2023 TIVAG Ch.3, B.3  
AT-C 205.14-.15  
AT-C 315.13 and .15 |
| QCR-41          | Did the engagement documentation support that the auditor adequately designed procedures to respond to the assessed risk and obtain reasonable assurance to support the auditor’s opinion?                                                                                                                                         | AT-C 205.20-.21  
AT-C 315.15 |

### Fraud

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
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<tbody>
<tr>
<td>QCR-42</td>
<td>Did the engagement documentation support that the auditor:</td>
<td>AT-C 205.33</td>
</tr>
<tr>
<td>QCR-42a</td>
<td>Considered whether risk assessment procedures and other procedures related to understanding the school’s compliance indicate risk of material noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-42b</td>
<td>Made inquiries of appropriate parties to determine whether they have knowledge of any actual, suspected, or alleged noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<td>Criteria</td>
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</tr>
<tr>
<td>QCR-42c</td>
<td>Evaluated whether there are unusual or unexpected relationships related to the school's compliance that indicate risks of material noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-42d</td>
<td>Evaluated whether other information obtained indicates risk of material noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
</tbody>
</table>

**Materiality for Purposes of Providing Compliance Opinion**

<table>
<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-43</td>
<td>Did the engagement documentation include the auditor’s determination of materiality for each type of compliance requirement?</td>
<td>2023 TIVAG Ch.3, B.4 AT-C 205.17 AT-C 315.12</td>
</tr>
</tbody>
</table>

**Follow-up on Resolution of Prior Findings**

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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-44</td>
<td>Did the engagement documentation support that the auditor followed up on the resolution of prior findings by:</td>
<td>GAS 7.13</td>
</tr>
<tr>
<td>QCR-44a</td>
<td>Asking management to identify previous engagements that directly relate to the school’s compliance with the Title IV program requirements in the 2023 TIVAG, including whether related recommendations have been implemented?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-44b</td>
<td>Evaluating whether the school had taken appropriate corrective action to address findings and recommendations</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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<tr>
<td></td>
<td>from previous engagements that could have a material effect on the subject matter?</td>
<td></td>
</tr>
<tr>
<td>QCR-44c</td>
<td>Using the information in assessing risk and determining the nature, timing, and extent of current work and determining the extent to which testing that corrective actions have been implemented is applicable to the current engagement objectives?</td>
<td></td>
</tr>
</tbody>
</table>

### Compliance with Other Standards

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<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-45</td>
<td>Did the auditor respond appropriately to facts that become known to the auditor after the date of the report that, had they been known to the auditor at that date, may have caused the auditor to revise the report?</td>
<td>AT-C 205.50</td>
</tr>
<tr>
<td>QCR-46</td>
<td>Was the engagement documentation for the compliance examination prepared in sufficient detail to provide a clear understanding of the procedures performed (including identifying characteristics of items tested and who performed and reviewed the engagement work and the date such work was completed and reviewed), the evidence obtained, and the conclusions reached?</td>
<td>GAS 7.33-.34, AT-C 205.89</td>
</tr>
<tr>
<td>QCR-47</td>
<td>If the auditor used the work of internal auditors in conducting the compliance examination engagement, did the engagement documentation support that the auditor considered the objectivity and competency of the internal auditors and evaluated the adequacy of the internal auditor's work (when using the work of internal audit function) or directed, supervised, and reviewed the work of the internal auditors (when internal auditors provide direct assistance).</td>
<td>2023 TIVAG Ch.1, E.3, AT-C 105.33, 205.40-.45</td>
</tr>
</tbody>
</table>
### Site Visits

<table>
<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-48</td>
<td>For a first-year compliance examination engagement, did the auditor conduct a physical site visit to every location at which at least 50 percent of an educational program was offered?</td>
<td>2023 TIVAG Ch.3, B.5</td>
</tr>
<tr>
<td>QCR-49</td>
<td>In subsequent year examinations, did the auditor conduct:</td>
<td>2023 TIVAG Ch.3, B.5</td>
</tr>
<tr>
<td>QCR-49a</td>
<td>Physical site visits to all locations (a) where administrative functions that are material to the administration of the Title IV program as a whole are performed, and (b) all locations at which on-site work was performed to apply the required audit procedures, including those pertaining to the samples selected for review?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-49b</td>
<td>Physical site visits to all other locations at which at least 50 percent of an educational program was offered, at least every two years?</td>
<td>-</td>
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</table>

### Servicer Contract and Examination Engagement

<table>
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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-50</td>
<td>If the school used a third-party servicer, did the engagement documentation support that the auditor obtained an understanding of how the school uses the services of the servicer in the school’s operations by:</td>
<td>2023 TIVAG Ch. 3, B.6</td>
</tr>
<tr>
<td>QCR-50a</td>
<td>Obtaining and reviewing a copy of the contract between the school and the servicer, determining if the written contract between the school and the servicer includes all items cited in 34 C.F.R. §668.25(c), and reporting noncompliance if the contract does not contain all required items or does not cover all services agreed to be provided?</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<tr>
<td>QCR-50b</td>
<td>Obtaining and reviewing a copy of the servicer’s most recent compliance examination engagement report and any other reports regarding servicer compliance and, if the report(s) contain findings of noncompliance or a modified opinion on compliance, (1) assessing the effect of that noncompliance on the nature, timing, or extent of substantive tests at the school; (2) assessing the effect of that noncompliance or modified opinion on the school; and (3) determining whether to include that information in the school’s compliance examination engagement report?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-50c</td>
<td>Interviewing the school’s servicer(s) to obtain a clear understanding of what services and functions are performed on behalf of the school, and how it performs those services or functions?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-51</td>
<td>Based on the auditor's documented understanding of how the school uses the services of the servicer in the school's operations, did the auditor complete Part VIII of the School Information Sheet to identify only those services the servicer provides to the examined school?</td>
<td>2023 TIVAG Ch. 3, B.6</td>
</tr>
<tr>
<td>QCR-52</td>
<td>If the auditor used the work of the servicer’s auditor to obtain evidence of the school’s compliance with Title IV requirements, did the engagement documentation support that the auditor followed and documented their compliance with applicable standards, including evaluating whether the servicer auditor’s work and servicer’s compliance examination engagement report is adequate for the auditor's purposes?</td>
<td>2023 TIVAG Ch. 3, B.6</td>
</tr>
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### Sampling Methodology

<table>
<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-53</td>
<td>Did the examination documentation support that the auditor described the sampling methodology that has been employed, including information that identifies the size and content of the</td>
<td>2023 TIVAG Ch.3, B.7</td>
</tr>
<tr>
<td>Question Number</td>
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<td>universes from which samples are drawn, including number of students and total dollar values associated with the universes?</td>
<td></td>
</tr>
<tr>
<td>QCR-54</td>
<td>Did the examination documentation support that the auditor selected samples in accordance the required sampling methodology by:</td>
<td>2023 TIVAG Ch.3, B.7</td>
</tr>
<tr>
<td>QCR-54a</td>
<td>Segregating the complete population of students who were disbursed Title IV program funds or for whom the school returned Title IV program funds during the engagement period (Total Title IV Population) into two universes?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-54b</td>
<td>Selecting a random sample for each of the two universes of students, based on the number of students in each universe in accordance with sample size requirements?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55</td>
<td>Did the examination documentation support that the auditor ensured that their sample had at least five students with the following characteristics (or the entire universe, if less than five students):</td>
<td>2023 TIVAG Ch.3, B.7</td>
</tr>
<tr>
<td>QCR-55a</td>
<td>Students that were subject to verification during the examination period</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55b</td>
<td>Students that were disbursed TEACH Grant funds during the examination period</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55c</td>
<td>Students attending courses or programs through distance learning during the examination period</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55d</td>
<td>Students who transferred from another school during the award year(s) of the examination period</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55e</td>
<td>Students who earned FWS wages during the examination period</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55f</td>
<td>Students for which a Title IV grant overpayment occurred that is the responsibility of the student (from the NSLDS Overpayment Summary)</td>
<td>-</td>
</tr>
<tr>
<td>QCR-55g</td>
<td>Students for which Title IV funds were returned</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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<tr>
<td>QCR-56</td>
<td>For both samples, were all randomly selected students tested for reporting, student eligibility, disbursements, and, if appropriate, return of Title IV?</td>
<td>2023 TIVAG Ch.3, B.7</td>
</tr>
<tr>
<td>QCR-57</td>
<td>If more than one year is being audited (i.e. when the school received a waiver and is submitting multi-year cumulative compliance examination), were separate samples taken for each year?</td>
<td>2023 TIVAG Ch.3, B.7</td>
</tr>
</tbody>
</table>

**Reporting Noncompliance**

<table>
<thead>
<tr>
<th>Question Number</th>
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</thead>
<tbody>
<tr>
<td>QCR-58</td>
<td>Did the auditor report all noncompliance identified by the auditor during the compliance examination engagement and all material noncompliance identified by the school and disclosed to the auditor during the engagement as findings in the Schedule of Findings and Questioned Costs?</td>
<td>2023 TIVAG Ch.3, B.8</td>
</tr>
<tr>
<td>QCR-59</td>
<td>If material noncompliance was found within one of the samples, did the engagement documentation support that the auditor evaluated whether their existing sample was sufficient to report estimated total Title IV questioned costs and estimated percentage of errors using the required precision/confidence level, and if not, expanded the sample and performed the applicable testing in order to report the estimates using the required precision/confidence level.</td>
<td>2023 TIVAG Ch.3, B.9</td>
</tr>
</tbody>
</table>
School Compliance Examination Procedures

C.1 Institutional Eligibility and Participation

C.1.1. Legal Authority

C.1.1.a Using sources appropriate for the State(s) in which the school is physically located, ascertained the school’s legal authority to provide postsecondary educational programs during the audit period in the State(s) in which it is physically located?

C.1.1.b If the school offers distance education or correspondence education, using sources appropriate for the State(s) in which the school’s students are located, ascertained the school’s legal authority to provide postsecondary educational programs during the audit period in the State(s) in which the school’s distance education or correspondence education students are located?

C.1.2. Accreditation

C.1.2.a Ascertained the school’s accreditation status during the audit period by examining the accreditation certificate or letter of accreditation and by reviewing outgoing and incoming correspondence with the accrediting agency?

C.1.2.b Verified that the school’s accreditor is recognized by ED for Title IV purposes by ascertaining if the school’s accreditor is on the list of institutional accrediting agencies recognized for Title IV purposes? If the school offers any portion of a program via distance education, you should also note whether the accreditor is recognized for accreditation of distance education (see procedure C.1.4.6.c)?

C.1.2.c If a change in accrediting agencies occurred or is in process, ascertained whether the school lost its accreditation as described in 34 C.F.R. § 600.11(c) which renders the school ineligible and, if not, whether the school has taken steps to notify ED as required by 34 C.F.R. § 600.11(a)?

C.1.3 Approved Locations

C.1.3.a Through inquiries of management; site visit observation; and review of State and accrediting agency approval documents and school marketing material, identified and reported on the School Information Sheet all locations of the school and ascertained which locations were designated as eligible locations on the ECAR that was in effect for the audit period?

C.1.3.b For any location identified in procedure C.1.3.a above that was not on the ECAR:

C.1.3.b.1 If the location is a branch campus, ascertained that (a) the school applied for ED’s approval of the branch and (b) no Title IV funds were disbursed to students attending the branch unless approval was received?
C.1.3.b.2 If the location is an additional location that offers at least 50% or more of a program and the school meets one or more of the criteria in 34 C.F.R. § 600.20(c)(1), ascertained that (a) the school applied for ED’s approval of the location and (b) no Title IV funds were disbursed to students attending the location unless approval was received?

C.1.3.b.3 If the location is an additional location that offers at least 50% or more of a program and the school does not meet one or more of the criteria in 34 C.F.R. § 600.20(c)(1), ascertained that (a) the school reported the location to ED within 10 days and (b) if Title IV funds were disbursed to students at the location, that the locations were licensed and accredited?

C.1.4. Program Eligibility

C.1.4.a Through inquiries of management, site visit observations, and review of State and accrediting agency approval documents and school marketing material, identified the programs offered by the school during the audit period and ascertained which programs were designated as eligible during the school’s last certification or re-certification process?

C.1.4.b "If the school or program met one or more of the criteria described in 34 C.F.R. § 600.10(c)(1) or 600.20(c) and (d), for any programs identified in procedure C.1.4.a above that was not designated as eligible by ED during the last certification or recertification process, ascertained that (a) the school applied for ED’s approval of the program and (b) no Title IV funds were disbursed to students enrolled in those programs unless approval was received?"

C.1.4.c If the school was not required to wait for ED approval and instead self-certified program eligibility, for any programs identified in procedure C.1.4.a above that was not designated as eligible by ED during the last certification or recertification process, ascertained that (a) the programs had the necessary state and accrediting agency approvals; and (b) the programs met the following program eligibility criteria:

C.1.4.c.1 "Requirements related to minimum length and duration of the program, the type of students enrolled, and requirements for short-term or certain liberal arts programs, as described in 34 C.F.R. § 668.8(d)?"

C.1.4.c.2 Requirements related to the level and kind of educational credential offered for Pell, FSEOG, and TEACH Grant, as described in 34 C.F.R. § 668.8(h)?

C.1.4.c.3 Flight training programs have a current valid certification from the Federal Aviation Administration, as described in 34 C.F.R. § 668.8(i)?

C.1.4.c.4 "ESL programs admit only students who are determined to need the ESL instruction to use already existing knowledge, training, or skills; the program leads to a degree,
certificate, or other recognized credential; and students in the program receive only Pell, described in

34 C.F.R. § 668.8(j)?"

C.1.4.c.5 "For undergraduate programs in credit hours that did not meet the exceptions described in

34 C.F.R. § 668.8(k and l), (1) the school used the appropriate clock to credit hour conversion formula to determine whether the program includes the minimum number of credit hours and (2) the school timely updated the E-App to reflect only the in-class hours in the program?"

C.1.4.c.6 If the school offers any portion of a program via distance education, the school has been evaluated and accredited for its effective delivery of distance education programs by a recognized accrediting agency that has distance education within its scope of recognition, as described in 34 C.F.R. § 668.8(m)?

C.1.4.c.7 Comprehensive transition and postsecondary programs for students with disabilities received only Pell, FSEOG, and FWS funds, as described in 34 C.F.R. § 668.8(n) and 668.230?

C.1.4.d Reviewed the academic records for a sample of one graduated student from each eligible nondegree education program and ascertained that the programs offered during the audit period were conducted at the published lengths (in credit or clock hours) and durations (number of weeks and/or months) and that the lengths and durations of the programs met the established minimum requirements?

C.1.4.e For short term programs, substantiated the school’s calculation of its completion and placement rates and recorded the substantiated rates on the School Information Sheet:

C.1.4.e.1 Selected a random sample of the regular students who were enrolled during the award year for which the most recent completion rate was calculated and tested to verify if each student in the sample was included appropriately in each step of the rate’s calculation, as described in 34 C.F.R. § 668.8(f)?

C.1.4.e.2 Selected a random sample of the students who graduated during the award year for which the most recent placement rate was calculated and tested to verify if each student in the sample was included appropriately in each step of the rate’s calculation, as described in 34 C.F.R. § 668.8(g)?

C.1.5 Educational Programs Provided by Ineligible Schools or Organizations

C.1.5.a For any eligible program identified in procedure C.1.4.a above, ascertained if an ineligible school or organization has authority over the design, administration, or instruction in the program’s courses, and therefore is providing part of an educational program as described
in 34 C.F.R. § 668.5(g)? (Note: If such an arrangement exists but is not included in a written arrangement, report the arrangement as a finding.)

C.1.5.b Ascertained that each ineligible school or organization providing part of an educational program is not ineligible for reasons described in 34 C.F.R. § 668.5(c)(1)?

C.1.5.c Obtained the program description for any educational program provided in full or in part by ineligible schools or organizations:

C.1.5.c.1 Ascertained if the program description includes a description of the agreement, including the information required by 34 C.F.R. § 668.43(a)(12)?

C.1.5.c.2 Determined the percentage of the educational program provided by the ineligible school(s) or organization(s), considering guidance provided in Dear Colleague Letter GEN-22-07 on written arrangements incorrectly characterized as offered by the eligible school?

C.1.5.d If an ineligible school or organization is providing more than 25 percent of an educational program, ascertained that (a) the ineligible school or organization provides less than 50 percent of the program; (b) the school and ineligible school or organization are not owned or controlled by the same individual, partnership, or corporation; and (c) that the school’s accrediting agency specifically determined that the school’s arrangements meet the agency’s standards for contracting for educational services?

C.1.5.e Ascertained if the school or its servicer is performing all the financial aid processing and delivery for students attending programs that involved an arrangement with an ineligible school or organization, and whether it is maintaining all records necessary to document the students’ eligibility for and receipt of aid?

C.1.6 Incentive Compensation

C.1.6.a Made inquiries of management about whether (1) the school contracts for services related to recruitment or admissions activities or services related to securing financial aid and (2) staff involved in recruitment, admissions, or securing financial aid activities are eligible for any incentive programs or are subject to any exceptions to general employment agreements?

C.1.6.b Obtained from the school a list of school employees that the school relies on to recruit, admit, and/or enroll its students, or to award Title IV funds and selected a sample of those school employees using the sample size requirements described in Chapter 3, Section B.7? For the sample of individuals identified:

C.1.6.b.1 Obtained performance, compensation, and payment records (such as compensation plans, employment contracts, performance or tracking reports used to track employee performance, performance evaluations, individual performance agreements, wage or salary adjustment records, personnel files, payroll records, and other records of payments)?
C.1.6.b.2 Reviewed the records for adjustments to school employee compensation, profit-sharing payments, bonuses, commissions, the provision of anything of value, or other incentive payments?

C.1.6.b.3 Determined whether such payment or compensation was based directly or indirectly on success in securing enrollment or awarding Title IV funds?

C.1.6.c Obtained from the school a list of entities that the school enters into a contractual agreement with to recruit, admit, and/or enroll its students, or to award Title IV funds? For the entities identified:

C.1.6.c.1 Obtained contractual, performance, compensation, and payment records (such as entity compensation plans, contracts between the school and entity, invoices, accounts payable, and other records of payments)?

C.1.6.c.2 Reviewed the records for adjustments to entity compensation, profit sharing payments, the provision of anything of value, or other incentive payments?

C.1.6.c.3 Determined whether such payment or compensation was based directly or indirectly on success in securing enrollment or awarding Title IV funds?

C.1.6.d If the school has tuition sharing with an entity that provides recruiting services as part of a bundle of services, reviewed the entity records identified in C.1.6.c above for evidence that the contracted entity is related to the school?

C.1.7 Conditions of Institutional Ineligibility

C.1.7.b If the school offered correspondence courses, provided education to incarcerated students, or (if the school does not provide a four-year bachelor’s or two-year associate degree) had students that had neither a high school diploma nor the recognized equivalent, substantiated the school’s calculation of the ratios for its latest complete award year and recorded the substantiated rates on the School Information Sheet by:

C.1.7.b.1 Testing the universes that the school used for the calculations of the ratios for completeness and for proper classification and re-calculated the school’s ratios? (If the school’s fiscal year is different than the award year, evidence should also be obtained for portions of the calculations outside of the audit period.)

C.1.7.b.2 Ascertaining if the substantiated ratios are within the regulatory ranges specified in 34 C.F.R. § 600.7(a)(1)?

C.1.7.c If the conditions described in 34 C.F.R. § 600.7(a)(2) and (a)(3) related to bankruptcy or crimes involving the Title IV programs exist, ascertained that the school notified ED within 10 days and ensure that the audit complies with requirements in C.10 for a close out audit?
C.1.8 Preferred Lender Arrangement Provisions in Code of Conduct

C.1.8.b If the school participates in a preferred lender arrangement:

C.1.8.b.1 Obtained a copy of the Code of Conduct and ensured it prohibits (a) revenue-sharing arrangements with any lender; (b) Financial Aid office employees receiving gifts from a lender, a guarantor, or a loan servicer; (c) consulting or other contracting arrangements with a lender or affiliate; (d) directing borrowers to particular lenders or delaying loan certifications; (e) requesting or accepting offers of funds for private loans from a lender; (f) staffing assistance from lenders; or (g) advisory board compensation?

C.1.8.b.2 Determined if the school has annually informed its officers, employees, and agents with responsibilities with respect to loans made, insured, or guaranteed under the Title IV, HEA program loans or private loans of the Code of Conduct?

C.1.8.b.3 Determined if the Code of Conduct is published on the school’s Web site?

C.2 Reporting

C.2.1 Enrollment Reporting

C.2.1.a For Pell and Direct Loan students in both samples selected for compliance testing who had a reduction in attendance levels, graduated, withdrew, or enrolled but never attended during the audit period, compared the data in the student’s NSLDS Enrollment Timeline/Enrollment Detail to the student’s academic files and other school records and verified that the school is accurately reporting the significant Campus-Level and Program-Level enrollment data elements that ED considers high risk?

C.2.1.b For instances in the sample tested in procedure C.2.1.a above where a Direct loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or a student who was enrolled at the school and who received a loan under Title IV has changed his or her permanent address, determined whether the school reported the change in its next updated Enrollment Reporting Submittal file (normally due within 60 days of the change)?

C.2.2 FISAP

C.2.2.a Obtained the FISAP submitted during the audit period and performed appropriate analytical procedures and ascertained the reason for any unexpected differences?

C.2.2.b On a test basis, traced items listed on Parts II through V of the FISAP, as applicable, to the school’s records?
C.2.2.c For schools that liquidated their Perkins fund during the audit period, traced the cash on hand, repayments of fund capital to the federal government and to the school, and cost of loan principal and interest cancelled from Part – III, Section A to the school’s records?

C.2.2.d For schools that have not liquidated their Perkins fund, traced all items in Part – III, Section C to the school’s records?

C.3: Student Eligibility

C.3.1 General and Program-Specific Student Eligibility Requirements

C.3.1.a For students in both samples selected for compliance testing, reviewed student records and determined if the students met the general eligibility requirements of 34 C.F.R. §§ 668.32 by determining whether the student:

C.3.1.a.1 Is a person enrolled as a regular student in an eligible program unless an allowable exception for preparatory or teacher certification coursework is met?

C.3.1.a.2 Is not enrolled in an elementary or secondary school?

C.3.1.a.3 Either (1) stated on their FAFSA they had either a high school diploma, its recognized equivalent (e.g., a GED), or were home-schooled, and if not (2) has completed one of the ATB alternatives and is either currently enrolled in an eligible career pathway program (as described in Section C.3.2 below) or first enrolled in an eligible postsecondary program prior to July 1, 2012? (Note that if the student established Title IV eligibility under the ATB test alternative, this will involve determining that the ATB test used was approved by ED and comparing the student’s test score to the published passing score.)

C.3.1.b For students in both samples selected for compliance testing, reviewed student records and determined if the students met the applicable eligibility requirements for participation in the various Title IV programs by:

C.3.1.b.1 For Direct Loan Students, determining that students were enrolled on at least a half-time basis?

C.3.1.b.2 If a PLUS loan was awarded as part of the packaging process, ascertaining whether the student or parent did not have an adverse credit history and met the eligibility conditions related to social security number, citizenship and residency, defaults and overpayments, and repayment of Title IV assistance obtained by fraud?

C.3.1.b.3 For IASG students, determining that the student was less than 24 years of age when the covered parent or guardian died, or was enrolled part-time or full-time at an institution of higher education?
C.3.1.b.4 For TEACH Grant students, determining that the student (a) signed an agreement to serve or repay for each TEACH Grant-eligible program for which the student received TEACH grant funds and (b) met the academic standards via grade point average or appropriate admissions test (and that the school maintains documentation of the student meeting such standard)?

C.3.1.c If conflicting information is found in student files, ascertained if the school also documented its proper resolution of the conflict?

C.3.1.d If the auditor detected indications of ghost students or other fraudulent activity, the auditor reported this immediately to ED’s OIG, Investigations Services, following the guidance in Chapter 1, Section H.1?

C.3.2 Eligible Career Pathway Program

C.3.2.a Ascertained if the school maintains documentation that each of its eligible career pathway programs that it uses as a basis for determining a student’s eligibility under the ATB alternatives meets the requirements in the definition of an eligible career pathway program in section 484(d)(2) of the HEA?

C.3.3 Eligibility Information on SARs and ISIRs

C.3.3.a For students in both samples selected for compliance testing, reviewed the SAR/ISIR and other student records and (1) determined if there are any indications that the students did not meet the eligibility requirements of citizenship, Social Security Number, financial aid history, and overpayments and defaults; (2) verified that the school has acceptable documentation verifying the student’s edibility if comment codes remain on the SAR/ISIR indicating issues in these areas; and, (3) verified that the school maintains appropriate information in the student’s file if the ISIR shows that the student defaulted on a federal student loan before March 13, 2020, as described in DCL GEN-22-13?

C.3.4 Verification

C.3.4.a For students in both samples selected for compliance testing who were subject to verification by ED, determined if the school performed verifications of the students by reviewing student aid files to ascertain whether the school obtained acceptable documentation to verify the information required for the Verification Tracking Group to which the applicant was assigned, matching information on the documentation to the student aid application and, if necessary, submitting data corrections to the central processor and recalculating awards?

C.3.4.b For students in both samples selected for compliance testing who receive Pell grants, ascertained if the school correctly coded the students’ verification status in COD?
C.3.5 Prior Degrees and Incarceration

C.3.5.a For students in both samples selected for compliance testing who received Pell, IASG, or FSEOG, reviewed student records and determined if the students met the applicable requirements pertaining to prior degrees for participation in the programs from which they received aid?

C.3.5.b For students in both samples selected for compliance testing who were incarcerated, determined whether they met the requirements pertaining to incarceration for the Title IV programs from which they received aid?

C.3.6 Determining that Students Maintain SAP

C.3.6.a "For students in both samples selected for compliance testing:

[See related steps in Chapter 3, Procedure C.8.1.d]"

C.3.6.a.1 For those students that had completed a payment period and therefore were subject to satisfactory academic progress measurement, ascertained if the students met satisfactory academic progress requirements for the audit period (1) at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or (2) for all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period?

C.3.6.a.2 Tested calculations of grade point averages and other quantitative measures that conforms to ED requirements as specified in 34 C.F.R. § 668.34(a)(4-6)?

C.3.6.a.3 Determined that students have not exceeded (or will not be able to mathematically complete the program within) the regulatory maximum timeframe for undergraduate students (150 percent of the published length of the program or less if school policy is more restrictive), or the school’s established maximum timeframe for graduate programs?

C.3.6.a.4 For students not making satisfactory academic progress, the students did not receive Title IV funds, unless the school placed the student on financial aid warning or financial aid probation for one payment period?

C.3.6.a.5 For any student that the school permits to appeal a determination, determined if the student provided the information regarding why the student failed to make satisfactory academic progress, and what has changed in the student’s situation that allowed the student to demonstrate satisfactory academic progress at the next evaluation?
C.3.7 Professional Judgment Decisions

C.3.7.a For students in both samples selected for compliance testing for which the FAA used professional judgment to adjust the COA or the FAFSA elements used to calculate the student’s EFC, or in which the parent has ended financial support:

C.3.7.a.1 Determined if there is adequate documentation in the student file to support professional judgment adjustments?

C.3.7.a.2 Ascertained if adjustments were made on a case-by-case basis?

C.3.7.a.3 Ascertained if a new SAR/ISIR was received that indicated “Professional judgment processed” and used to award Title IV funds, if applicable?

C.3.7.a.4 If the student does not receive parental financial support, ascertained if all required documentation to verify that the parents of the student have ended financial support of the student and refused to file a FAFSA is in the student file and the student only received a dependent-level unsubsidized loan?

C.3.7.b For students in both samples selected for compliance testing for which the FAA made a dependency override:

C.3.7.b.1 Determined if there is adequate documentation in the student file to support the override?

C.3.7.b.2 Ascertained if the override was made on a case-by-case basis?

C.3.8 Students on LOAs

C.3.8.a For students in both samples selected for compliance testing, reviewed student records noting which students were recorded as being on an LOA?

C.3.8.a.1 For these students, ascertained if the LOA was approved according to the school’s LOA policy and in accordance with ED’s requirements?

C.3.8.a.2 If not approved according to the school’s LOA policy and ED’s requirements or the student failed to return from the LOA, ascertained if the school treated the student as a withdrawal and if the withdrawal was processed in a timely fashion, per ED regulations?

C.3.9 Financial Need

C.3.9.a For students in both samples selected for compliance testing, reviewed student records and determined if the need-based Title IV funds awarded exceeded financial need?
C.3.10 Calculating Pell and IASG

C.3.10.a For each program of study the school offers, determined the academic year and the number of weeks of instructional time and determined how the programs are offered (i.e., term based with standard or non-standard terms or a non-term program)?

C.3.10.b Ascertained if the school was using an allowable formula to calculate Pell based on how the programs are offered?

C.3.10.c For students in both samples selected for compliance testing who were awarded Pell or IASG, determined if the calculation for each student is correct according to the applicable regulations and as described in the FSA Handbook?

C.3.10.d For students in both samples selected for compliance testing who received Pell or IASG funds in excess of 100% of their Scheduled Award during a single award year, determined whether the students were enrolled at least half-time?

C.3.11 Calculating Direct Loans

C.3.11.a For students in both samples selected for compliance testing, reviewed student records and determined that:

C.3.11.a.1 The loan amounts for subsidized loans were based on need and were calculated correctly, including, if applicable, loan proration?

C.3.11.a.2 The loan amounts disbursed were within the annual and aggregate loan limits appropriate for each student’s grade level and (for Direct Unsubsidized Loans) dependency status?

C.3.11.a.3 For instances where the student was denied or not awarded the full amount of Direct Loans the student was eligible for, determined that an appropriate reason was documented and given in written form to the student?

C.3.12 Calculating TEACH Grants

C.3.12.a For students in both samples selected for compliance testing who received a TEACH grant, determined if the grant was properly calculated in accordance with 34 C.F.R. § 686, Subpart C?

C.3.13 Attendance

C.3.13.a Determined whether the school is required to take attendance?

C.3.13.b For students in both samples selected for compliance testing, reviewed attendance and related academic records and determined whether the school properly documented that the student began attendance in a payment period or period of enrollment?
C.3.13.c For students who began attendance at a school that is required to take attendance, but did not complete the payment or enrollment period, or who received all failing and/or incomplete grades, reviewed attendance records to determine whether the school properly determined the last date of academic attendance as the withdrawal date?

C.4 Disbursements

C.4.1 Payment Periods Defined

C.4.1.a For each program that is eligible for Title IV funds, ascertained how the school has defined the payment period and determined if the definition complies with ED regulations? (Care should be taken because a number of different factors are used to define a payment period. For example, two programs may have the same number of credit hours, but require different payment periods because they use different types of terms or they are of different lengths.)

C.4.2 Eligibility for Disbursements

C.4.2.a For students in both samples selected for compliance testing:

C.4.2.a.1 Ascertained that the school confirmed and documented that the student was eligible for a disbursement before the disbursement was made?

C.4.2.a.2 For any students in the sample who transferred from another school during the award year, determined if the school completed the NSLDS Transfer Student Monitoring Processes (and waited seven days for a response) or checked the student’s current financial aid history through NSLDS, prior to disbursing funds to the student?

C.4.3 Timing and Appropriateness of Disbursements

C.4.3.a For students in both samples selected for compliance testing, obtained and inspected the student financial aid files and student accounts to identify the student’s payment period and each disbursement date:

C.4.3.a.1 Ascertained if the disbursement was made in accordance with disbursement timing requirements, depending on how the term is measured, if the student is a first-time borrower or not, the student’s progress, and the payment period?

C.4.3.a.2 Ascertained if the amount credited (charged) to student ledger accounts complied with the requirements for current year and prior year charges in 34 C.F.R. § 668.164(c)?

C.4.3.b For students in both samples selected for compliance testing who received Pell, IASG, TEACH grant, and Direct Loan disbursements, selected a sample of the student’s actual disbursements:
C.4.3.b.1 Compared disbursement dates and amounts in the student account at the school to disbursement dates and amounts in COD, which are indicated by a disbursement release indicator set to “true” in COD?

C.4.3.b.2 Determined whether the disbursement record was submitted no earlier than 7 days prior to the disbursement date and no later than 15 days after making the disbursement?

C.4.4 Notification of Disbursement

C.4.4.a For students in both samples selected for compliance testing:

C.4.4.a.1 Determined whether the school provided notification to the student of the amount and type of Title IV funds they were expected to receive and how and when those disbursements would be made?

C.4.4.a.2 For those students who received Direct Loan or TEACH grant funds, ascertained if the school provided notification to the student of the (a) date and amount of the disbursement; (b) student/parent’s right to cancel; and (c) procedure and time by which the student or parent must notify the school that he or she wishes to cancel?

C.4.4.a.3 For those students who requested the loan/grant proceeds to be returned, or the loan to be canceled, determined if the school complied with the borrower/grantee’s request and notified the borrower/grantee of the outcome of the cancellation request, in accordance with the regulations?

C.4.5 FWS

C.4.5.a For students in both samples selected for compliance testing who earned FWS wages:

C.4.5.a.1 Determined if the students were paid at least monthly?

C.4.5.a.2 Determined if the students’ hours worked were documented and certified that each student worked and earned the amount being paid; and the hours worked did not conflict with the student’s class schedule?

C.4.5.a.3 If payment was made by crediting FWS funds to the student’s account, ascertained that the student authorized that payment method?

C.4.6 Entrance Counseling

C.4.6.a Determined the entrance counseling method used by the school (i.e.: ED’s online counseling through Studentaid.gov, in-person sessions, or separate written forms)? If the school is not using ED’s online counseling, obtain the counseling materials used?

C.4.6.b For students in both samples selected for compliance testing who were first-time Direct Stafford loan borrowers or were first-time graduate or professional Direct PLUS loan borrowers:
C.4.6.b.1 Ascertained if entrance counseling was performed prior to the first disbursement of loan proceeds or whether the school documented that such entrance counseling was not required because of the student’s prior borrowing?

C.4.6.b.2 If the school is not using ED’s online counseling, determined if the school’s documentation of entrance counseling evidences counseling that covers all of the required elements identified in 34 C.F.R. § 685.304(a)(6) or in 34 C.F.R. § 685.304(a)(7)?

C.4.6.c For students in both samples selected for compliance testing who received a TEACH grant, determined if the student received his or her initial counseling prior to receiving funds, and that documentation of the counseling was maintained?

C.4.7 Exit Counseling

C.4.7.a Determined the exit counseling method used by the school (i.e.: ED’s online counseling through Studentaid.gov, in-person sessions, or separate written forms)? If the school is not using ED’s online counseling, obtain the counseling materials used?

C.4.7.b For students in both samples selected for compliance testing who received a Direct loan and ceased attending at least half time at the school:

C.4.7.b.1 Ascertained if exit counseling was performed?

C.4.7.b.2 "If the school is not using ED’s online counseling, determined if the school’s documentation of exit counseling evidences counseling that covers all of the required elements identified in 34 C.F.R. § 685.304(b)?"

C.4.7.c If the school is not using ED’s online counseling, for students in both samples selected for compliance testing who received a Direct loan and (1) graduated, (2) ceased attending at least half time, or (3) withdrew without the school’s knowledge, reviewed records evidencing whether the current student borrower information was submitted to ED within 60 days of obtaining the information?

C.4.7.d For students in both samples selected for compliance testing who received a TEACH grant and ceased enrollment at the school, determined if the school held the proper exit counseling?

C.4.8 Credit Balances and Authorizations

C.4.8.a For students in both samples selected for compliance testing where Title IV funds created a credit balance in the student account, ascertained if the credit balance was paid to the student or parent borrower within 14 days (or 14 days from the start of school if funds were disbursed prior to the beginning of school) unless documentation evidences that the student or
parent borrower gave the school written permission to manage the funds or that the student withdrew?

C.4.8.b For students in both samples selected for compliance testing where Title IV funds created a credit balance in the student account and the school held Title IV funds for the student or parent borrower:

C.4.8.b.1 Determined whether the school obtained authorizations to hold credit balances?

C.4.8.b.2 Determined whether the school paid any remaining funds on loan balances by the end of the loan period and any other remaining funds by the end of the last payment period in the award year for which the funds were awarded?

C.4.8.c If the school holds Title IV funds for a student or a parent borrower, ascertained if it

C.4.8.c.1 Has established and maintains a subsidiary ledger account that identifies the amount of funds the school holds for student or parent borrowers?

C.4.8.c.2 Maintains, at all times, cash in its bank account in an amount at least equal to the amount of funds the school holds for students or parent borrowers?

C.4.8.d For schools that are on the reimbursement or heightened cash monitoring payment methods, verified that the school disbursed credit balances prior to requesting funds from ED, or for periods covered by the COVID-19 flexibilities, that the school disbursed credit balances no later than three calendar days after receiving the funds for those students?

C.4.9 Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device

C.4.9.a Determined whether the school has an arrangement with an outside entity to make direct payments of Title IV credit balances by EFT:

C.4.9.a.1 If so, obtained a copy of the full contract (including all attachments, appendices, affiliation agreements, and addendums) and any promotional material provided by the entity to the school and to students and parents to determine whether the arrangement is a Tier One Arrangement or a Tier Two Arrangement?

C.4.9.a.2 If the entity is not associated with processing direct payments of Title IV funds on behalf of the school and a Tier Two arrangement exists, obtained information about the population of students receiving credit balances in the prior three award years and determined whether the school was below or above the credit balance threshold?

C.4.9.b For schools with any Tier One or Tier Two arrangement:

C.4.9.b.1 Determined whether the school established a selection process under which the student chooses an option for receiving payments by electronic funds transfer?
C.4.9.b.2 For students in both samples selected for compliance testing for whom a financial account under the arrangement was opened, determined whether the school informed the student of the terms and conditions of the financial account and obtained the student’s consent to open the financial account?

C.4.9.b.3 Through review of the contract between the school and servicer and the promotional material, determined that (a) the financial account or access device is not marketed or portrayed as, or converted into, a credit card and (b) the student would not incur costs for opening the account or receiving the access device?

C.4.9.b.4 Determined whether the contract(s) establishing the arrangement between the school and financial account provider exist on the school’s Web site?

C.4.9.b.5 Obtain documentation to determine if the school provided a URL for the most recent, unexpired contract to ED for publication in the Cash Management Contracts Database?

C.4.9.c For schools with any Tier One arrangement or a Tier Two arrangement above the threshold:

C.4.9.c.1 Through review of the contract between the school and servicer and the promotional material, (a) determined that students would have access to the funds through surcharge-free ATMs, including at the times payments are made; and (b) determined that the contracts make provisions for termination of the arrangement by the school based on i) complaints received from students or (ii) a determination by the school that the fees assessed under the arrangement are not consistent with or are higher than prevailing market rates?

C.4.9.c.2 Through review of the latest due diligence review, determined that the school is performing such reviews at least every two years to ascertain whether the fees imposed under the arrangement are consistent with or below prevailing market rates?

C.4.9.c.3 Determined whether all required cost information related to the arrangement existed on the school’s Web site and that the cost information was updated within 60 days after the end of each award year?

C.4.9.d For schools with any Tier One arrangement, through review of the contract between the school and servicer and the promotional material, determined that the student (1) would not be extended any credit with the financial account; (2) would not incur costs for conducting point-of-sale transactions and balance inquiries, or as overdraft fees; and (3) would be provided access to funds up to the account balance without charge during the student's entire period of enrollment?

C.4.10 Grant Overpayments

C.4.10.a For students in both samples selected for compliance testing for which a Title IV grant overpayment occurred that is the responsibility of the student:
C.4.10.a.1 Obtained the NSLDS Overpayment Summary and determined if NSLDS agrees with the school’s records? Ascertained if NSLDS was updated within 30 days to reflect noted overpayments?

C.4.10.a.2 Reviewed the school’s records to ensure that students were appropriately notified of overpayments within 30 days?

C.4.10.a.3 Reviewed the school’s records for evidence of submission of the overpayments to ED’s Default Resolution Group?

C.4.10.a.4 Obtained the COD disbursement details and determined if the necessary adjustments were made to the student’s disbursement data in COD within 15 days?

C.5 Return of Title IV Funds

C.5.1 Withdrawal Calculations

C.5.1.a For students in the Universe 2 sample selected for compliance testing who withdrew, ascertained if returns of Title IV funds were properly calculated by reviewing R2T4 determinations/calculations for conformity with Title IV program requirements and recalculated?

C.5.2 Returning Title IV Funds and Making Adjustments

C.5.2.a For students in the Universe 2 sample selected for compliance testing who withdrew (not as a result of COVID-19 circumstances, see Footnote 48 and Chapter 3, Section C.5.6); determined whether the school made timely returns of Title IV funds when required:

C.5.2.a.1 Traced the return of Title IV funds to disbursement and other accounting records to verify that returns of Title IV funds were timely (with G5 most returns should be made using the Electronic Return function in G5, although some may still use canceled checks)?

C.5.2.a.2 Ascertained if within 45 days of becoming aware that the student had withdrawn (the date of school’s determination that the student withdrew, as defined in 34 C.F.R. § 668.22(l)), the school made deposits or transfers into the Federal funds account, initiated electronic transfers to lenders, or issued checks?

C.5.2.a.3 For returns by check, examined canceled check endorsements and determined if the payee endorsed the check within the prescribed 60 days?

C.5.2.b For students in the Universe 2 sample selected for compliance testing for which Title IV funds were returned, determined whether the school made appropriate adjustments:

C.5.2.b.1 To the amount of Title IV aid credited to the student’s ledger accounts?

C.5.1.b.2 To the student’s Pell, TEACH grant, and Direct Loan disbursement data in COD?
C.5.2.c For students in the Universe 2 sample selected for compliance testing who withdrew (not as a result of COVID-19-related circumstances, see Footnote 48 and Chapter 3, Section C.5.6), and who were eligible for a post-withdrawal disbursement, (1) ascertained if appropriate notification of the post withdrawal disbursement was given to the student or parent; (2) reviewed evidence of the student or parent’s acceptance or rejection of the post-withdrawal disbursement; and (3) determined if the school followed the student or parent’s instructions regarding the post-withdrawal disbursement?

C.5.3 Allocation of Returns of Title IV Funds

C.5.3.a For students in the Universe 2 sample selected for compliance testing for which Title IV funds were returned, ascertained if the proper sequence was being followed as described in 34 C.F.R. § 668.22(i)?

C.5.4 Notifying Borrowers of Returns of Loan Proceeds

C.5.4.a For students in the Universe 2 sample selected for compliance testing for which Title IV funds were returned, ascertained that the school notified the borrower in writing of the return by reviewing a record evidencing notification to the borrower?

C.5.5 Returns of Title IV Funds if a Student Does Not Begin Attendance

C.5.5.a For students in the Universe 2 sample selected for compliance testing who enrolled but never began attendance during the audit, traced the return of Title IV funds to disbursement and accounting records (including canceled checks to ED and students) to verify that within 30 days of becoming aware that a student will not or has not begun attendance, deposits or transfers in the amount of Title IV funds disbursed to the student that the school owes were made into the Federal funds account, electronic transfers were initiated, or checks were issued?

C.5.6 R2T4 Waiver Qualifications and Reporting

C.5.6.a For students in the Universe 2 sample selected for compliance testing who withdrew but for which Title IV funds were not returned due to the CARES Act R2T4 waivers:

C.5.6.a.1 Reviewed the school’s evidence supporting their determination that the student’s withdrawal was in fact due to issues related to COVID-19 and ascertained if the school has sufficient documentation to support the determination, including whether the determination was based on an appropriately applied blanket R2T4 waiver or a written attestation from the student?

C.5.6.a.2 Obtained the necessary reports from COD and ascertained whether the school added the Coronavirus Indicator to all disbursements that the student received during the payment period(s) in which they withdrew due to COVID-19?
C.5.6.a.3 Obtained the necessary reports from COD and ascertained whether the school used the COD R2T4 calculator to flag the students’ record with the R2T4 Coronavirus Indicator, unless the school is using the COD summary level reporting tool?

C.5.6.b For schools not using the COD R2T4 calculator to flag records with the R2T4 Coronavirus Indicator, determined whether the school reported summary-level totals of Title IV funds that were not returned for each Title IV program for the most recently completed award year?

C.6: Cash Management

C.6.1 Funding Methods

C.6.1.a "Identified the school’s funding method and reviewed and evaluated the school’s internal controls for use of its funding method?

As applicable, this would include the school’s procedures for forecasting cash needs, requesting funds or reimbursements, disbursing funds within three business days, and managing excess cash."

C.6.1.b Tested Title IV disbursements to ensure they were not used for investments or for school/personal financing activities, as collateral for loans, or for any purposes other than for eligible students?

C.6.1.c With assistance from school personnel who have access to the G5 system, obtained the G5 External Award Activity Report (located under the “Reports” icon, then “payments” tab) for the audit period?

C.6.1.c.1 Determined if net draws are traceable to the accounting records?

C.6.1.d For schools on the Advanced or HCM1 payment methods, from the G5 External Award Activity Report, obtained the draw detail for each Title IV program by selecting the individual award number, then using either a random or haphazard selection technique, tested a sample of cash draws from the audit period and:

C.6.1.d.1 For schools on the Advanced payment method, determined if Title IV funds were credited to student accounts or paid to the borrower within three business days? For funds not disbursed within three business days, determined whether the school's excess cash tolerances were exceeded; and if so, that excess cash tolerances were eliminated in the next seven days?

C.6.1.d.2 For schools on the HCM1 payment method, determined if school funds were disbursed for the amount of Title IV funds that the student was eligible to receive and for the amount of any credit balance paid to the student, before the Title IV funds were requested from ED?
C.6.1.e For schools on the HCM2 or Reimbursement payment method, using either a random or 
haphazard selection technique, selected a sample of reimbursement requests submitted to ED 
for payment during the audit period:

C.6.1.e.1 Determine if school funds had been disbursed for the amount of Title IV funds 
that the student was eligible to receive and for the amount of any credit balance due, before 
the reimbursement request was submitted to ED for payment?

C.6.2 Direct Loan Reconciliation

C.6.2.a For schools participating in the Direct Loan program, obtained the monthly School 
Account Statement and ensured that the school is performing the required monthly 
reconciliations and resolving discrepancies:

C.6.2.a.1 On a test basis, compared the balances on the School Account Statement to 
school records? Ensured that the school documented a legitimate reason for the differences, 
resubmitted corrected disbursement records to COD, or corrected earlier transactions on the 
G5 system?

C.6.3 Depository Accounts and Interest Earnings

C.6.3.a Ascertained if Title IV funds were maintained in an interest bearing depository account, 
in accordance with 34 C.F.R. § 668.163(a) and (c)(1)?

C.6.3.b Ascertained if Title IV depository accounts earned interest:

C.6.3.b.1 If so, determined the amount earned during the award year ending during the 
audit period?

C.6.3.b.2 If earnings were greater than $500, reviewed evidence, such as a canceled check 
or record of electronic payment to the Department of Health and Human Services, of the return 
of the earnings greater than $500 to the Department of Health and Human Services, in 
accordance with 34 C.F.R. § 668.163(c)(3)?

C.7 Perkins Loan Program

C.7.1 Recordkeeping and Record Retention

C.7.1.a Through inquiry and observation, evaluated the school’s Perkins loan paper records 
storage location and whether it is in a locked, fireproof container?

C.7.1.b For a sample of borrowers with open loans or loans retired or reassigned during the 
audit period, verified that original promissory notes and/or master promissory notes, 
repayment records, cancellation and deferment requests, and if applicable, disbursement and 
electronic authentication records, are being properly maintained?
C.7.2 Liquidation

C.7.2.a If the school voluntarily withdraws from the Perkins program or is no longer eligible to participate in the Perkins program, (1) determined if the school liquidated its Perkins Loan portfolio and program fund by following the liquidation steps, in accordance with the Federal Perkins Loan Program Assignment and Liquidation Guide and (2) determined if the school received an official letter of completion from ED?

C.8 Administrative Requirements

C.8.1 Written Policies and Procedures

C.8.1.a Obtained and reviewed the school’s written procedures or written information indicating the responsibilities of the various offices:

C.8.1.a.1 Confirmed that the procedures or information cover the approval, disbursement, and delivery of Title IV funds, and the preparation and submission of reports to ED?

C.8.1.a.2 Compared those written procedures or written information to how activities are actually performed based on the conduct of audit work pursuant to this Guide and reported any differences between the written procedures and information and actual performance?

C.8.1.a.2 Confirmed that the school administers the programs with adequate checks and balances in its system of internal controls and divides the functions of authorizing and disbursing or delivery of funds so that no office (or person) has responsibility for both functions?

C.8.1.b Obtained the school’s written policies and procedures for verifying an applicant’s FAFSA information and ascertained if they comply with 34 C.F.R. § 668.53?

C.8.1.c If the school grants LOAs for temporary interruptions in study instead of counting such interruptions as withdrawals, obtained the school’s LOA policy and ascertained if it complies with 34 C.F.R. § 668.22(d)(3)(iii)?

C.8.1.d Obtained the school’s standards for measuring whether eligible students are maintaining satisfactory academic progress in their education program and ascertained if they comply with 34 C.F.R. § 668.34?

C.8.2 Change in Ownership

C.8.2.a Determined if the school underwent a change in ownership that resulted in a change in control, and if so, obtained and inspected the school’s notification to ED and (1) determined if the notice was accurate and whether ED was notified within 10 business days after the change in ownership, (2) determined if the school submitted to ED proof that its accreditation is
continued under the new ownership or control and a photocopy of its state legal authorization under the new ownership?

C.8.3 Reporting Possible Illegal Conduct

C.8.3.b If during the conduct of the compliance examination engagement, evidence of criminal misconduct known to an official of the school came to the auditor's attention, reviewed evidence to determine if the required reporting was made to ED OIG's Investigation Services?

C.8.3.c If during the compliance examination engagement evidence of unreported criminal misconduct came to the auditor's attention, the auditor reported the matter to ED OIG's Investigation Services as discussed in Chapter 1, Section H.2?

C.8.4 Annual Security and Fire Safety Reports

C.8.4.a Obtained documentation to determine if the school submitted the required crime statistics for the three most recent calendar years for which there is available data to ED via the web during the audit (or viewed on Campus Safety and Security Data website)?

C.8.4.b For each campus, obtained and inspected the Annual Security Report:

C.8.4.b.1 Ascertained if each report contains all crime statistics required by 34 C.F.R § 668.46(c) and all policy statements required by 34 C.F.R § 668.46(b)?

C.8.4.b.2 Determined whether the school’s statement of policy regarding emergency response and evacuation procedures met the requirements of 34 C.F.R. § 668.46(g)?

C.8.4.b.3 Determined whether the school’s statement of policy regarding the school’s programs prevent dating violence, domestic violence, sexual assault, and stalking met the requirements of 34 C.F.R. § 668.46(j)?

C.8.4.b.4 Determined whether the school’s statement of policy addressing procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking met the requirements of 34 C.F.R. § 668.46(k)?

C.8.4.b.5 On a test basis, traced and verified the compilation of crime statistics reported in the Annual Security Report for the most recent calendar year to source documents?

C.8.4.b.6 If no crimes are reported in the Annual Security Report for the most recent calendar year, obtained evidence that the school made a reasonable, good-faith effort to obtain statistics for crimes and confirmed that either (1) no crime was reported to local police agencies or to campus security authority or (2) the policy agency failed to respond to such reasonable, good-faith effort?

C.8.4.c If the school had on-campus student housing facilities:
C.8.4.c.1 Obtained documentation to determine if the school submitted the Annual Fire Safety Report to ED via the web?

C.8.4.c.2 Ascertained if the Fire Safety Report contains all required information as described in 34 C.F.R. § 668.49(b)?

C.8.4.c.3 On a test basis, traced and verified the compilation of fire safety statistics reported in the Fire Safety Report for the most recent calendar year to source documents?

C.8.4.c.4 Determined whether the statement of policy regarding missing student notification procedures in its Annual Security Report met the requirements of 34 C.F.R. § 668.46(h)?

C.8.4.d Ascertained the method used to distribute the report to enrolled students and employees or to notify them of the report’s availability during the audit period:

C.8.4.d.1 Determined whether the distribution or notification was done by October 1?

C.8.4.d.2 If reports were provided via direct mail, determined whether the mailings were through the U.S. Postal Service, campus mail, or electronic mail?

C.8.4.d.3 If the reports were included in publications, determined whether the publications were provided directly to each individual?

C.8.4.d.4 If the reports were made available through the Internet or intranet websites, determined whether the school provided notice to the enrolled students and current employees that included: (1) a statement of the report’s availability, (2) the exact electronic address at which the reports are posted, (3) a brief description of their contents, and (4) a statement that the school will provide a paper copy of the reports upon request?

C.8.5 Completion, Graduation, and Transfer-Out Rates

C.8.8.a Obtained documentation to determine if the school submitted the completion or graduation rates and, if applicable, transfer-out rates to ED via IPEDS during the audit period?

C.8.5.b Review the school’s support for the rates submitted during the audit period and determine if the rates were calculated in accordance with the requirements at 34 C.F.R. § 668.45:

C.8.5.b.1 On a test basis, traced and verified the reported rates to source documents?

C.8.5.b.2 Determined if (1) the rates were based on the appropriate cohort of students and that entering students were counted appropriately, based on whether the school offers a predominate number of its programs based on semesters, trimesters, or quarters; (2) completed, graduated, and transferred-out students were counted appropriately; and (3)
students were only excluded from the calculation when they met the requirements for exclusion?

C.8.6 Gramm-Leach-Bliley Act Safeguards Rule

C.8.6.a Verified that the school has designated an individual to oversee, implement, and enforce its information security program?

C.8.6.b If the designated individual is employed by a servicer, determined whether the school:

C.8.6.b.1 Retains responsibility for compliance with the Safeguards Rule;

C.8.6.b.2 Designates a senior member of the school’s personnel responsible for direction and oversight of the individual; and

C.8.6.b.3 Requires the servicer maintain an information security program that protects the school in accordance with the requirements of the Safeguards Rule?

C.8.6.c Verified that the school has a written information security program and that the written information security program addresses the following elements:

C.8.6.c Element 2: Provides for the information security program to be based on a risk assessment that identifies reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of such information, and assesses the sufficiency of any safeguards in place to control these risks (16 C.F.R. 314.4(b))?

C.8.6.c Element 3: Provides for the design and implementation of safeguards to control the risks the school or servicer identifies through its risk assessment (16 C.F.R. 314.4(c)). At a minimum, the written information security program must address the implementation of the minimum safeguards identified in 16 C.F.R. 314.4(c)(1) through (8)?

C.8.6.c Element 4: Provides for the school or servicer to regularly test or otherwise monitor the effectiveness of the safeguards it has implemented (16 C.F.R. 314.4(d))?

C.8.6.c Element 5: Provides for the implementation of policies and procedures to ensure that personnel are able to enact the information security program (16 C.F.R. 314.4(e))?

C.8.6.c Element 6: Addresses how the school or servicer will oversee its information system service providers (16 C.F.R. 314.4(f))?

C.8.6.c Element 7: Provides for the evaluation and adjustment of its information security program in light of the results of the required testing and monitoring; any material changes to its operations or business arrangements; the results of the required risk assessments; or any other circumstances that it knows or has reason to know may have a material impact the information security program (16 C.F.R. 314.4(g))?
C.9 Zone Alternative

C.9.1 Zone Alternative

C.9.1.b Reviewed accounting records for evidence of (a) any contingent liabilities for the fiscal year being audited having been realized or (b) any losses that are unusual in nature and/or infrequently occurring?

C.9.1.c If the auditor determined that any of the events specified at 34 C.F.R. § 668.175(d)(2)(ii) occurred, reviewed evidence of the school's notification to ED within 10 days of the event?

C.10 Close Out

C.10.1 End of Participation Requirements

C.10.1.a If the school ceases to be eligible due to failing to meet statutory or regulatory requirements, obtained and inspected the school's notification to ED and determined if ED was notified within 30 days?

C.10.1.b Verified that the school informed ED of the arrangements that the school has made for the proper retention and storage, for a minimum of three years, of all records concerning the administration of that program? Reported the storage location of Title IV records on the School Information Sheet?

C.10.1.c "Verified that the school informed ED of (1) the arrangements that the school has made for the proper retention and storage of all records concerning the administration of the Title IV program, and (2) how the school will provide for the collection of any outstanding Federal loans."

C.10.1.d Unless the school closes or stops providing educational programs for a normal vacation period or a natural disaster that directly affects the school or its students, verified that the school:

C.10.1.d.1 Returned to ED, or otherwise disposed of per instructions from ED, any unexpended Title IV funds that the school has received for attendance at the school, less any applicable administrative allowance?

C.10.2. Disbursements and Transitional Operation After Participation Ends

C.10.2.a Reviewed the school’s books of account and student ledger cards to identify whether any Title IV disbursements were made after the school ceased participating in the programs?
C.10.2.b If funds were disbursed after the school ceased participating in the Title IV programs, ascertained if disbursements were for commitments that met the regulatory requirements in 34 C.F.R. § 668.26(d) by determining whether:

C.10.2.b.1 The school’s participation ended during a payment period/period of enrollment and the commitment was made for attendance during that payment period/period of enrollment or a previously completed payment period?

C.10.2.b.2 The school continues to provide educational programs to otherwise eligible students enrolled in the formerly eligible programs of the school?

C.10.2.b.3 The commitment, or the first disbursement of the loan in the case of a Direct Loan, was made prior to the end of the participation?

C.10.2.c If the school originated, awarded, or disbursed Title IV funds after the school lost accreditation or State authorization or was notified of ED’s decision to end the school’s participation, ascertained if it met the regulatory requirements in 34 C.F.R. § 668.26(e) by obtaining documentation to support whether the school:

C.10.2.c.1 Has received the necessary agreement from its accrediting agency and State?

C.10.2.c.2 Has notified ED of its plans to conduct an orderly closure in compliance with requirements of its accrediting agency, including performing an approved teach-out?

C.10.2.c.3 Originated, awarded, or disbursed funds only to enrolled students who could complete the program within 120 days of the decision or who could transfer to a new school?

C.10.2.c.4 Gives ED acceptable written assurances on the health and safety of its students, the adequacy of its financial resources, and whether it is subject to probation or adverse action by its accrediting agency or State?
## Servicer General Procedures

### SERVICER GENERAL REQUIREMENTS

#### Engagement Periods

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<thead>
<tr>
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<th>Question</th>
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<tbody>
<tr>
<td>QCR-1</td>
<td>Was the engagement period based on the servicer’s fiscal year and include all periods since the prior compliance engagement?</td>
<td>2023 TIVAG Ch. 1, A.4</td>
</tr>
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</table>

#### Auditor Qualifications

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<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-2</td>
<td>Was the engagement documentation free of indications that the auditor was not independent?</td>
<td>2023 TIVAG Ch. 1, E.1 GAS 3.18-.20; AT-C 105.26</td>
</tr>
<tr>
<td>QCR-3</td>
<td>Did the engagement documentation include support that the auditor applied the GAGAS conceptual framework at the audit organization, audit, and individual auditor level to:</td>
<td>2023 TIVAG Ch. 1, E.1 GAS 3.27-.34, 3.107</td>
</tr>
<tr>
<td>QCR-3a</td>
<td>Identify threats to independence?</td>
<td>GAS 3.64</td>
</tr>
<tr>
<td>QCR-3b</td>
<td>Evaluate the significance of any threats, individually and in the aggregate?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-3c</td>
<td>Apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level?</td>
<td>GAS 3.59-.60</td>
</tr>
<tr>
<td>QCR-4</td>
<td>If the auditor provided nonaudit services to the servicer, did the engagement documentation support that the auditor considered management’s ability to effectively oversee the nonaudit service to be performed, including the auditor’s determination that the servicer had designated an individual who possessed suitable skill, knowledge, or experience, and</td>
<td>2023 TIVAG Ch. 1, E.1 GAS 3.73-3.79</td>
</tr>
<tr>
<td>Question Number</td>
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</table>
| QCR-5           | Did the auditor use professional judgment in planning and conducting the engagement and in reporting the results?  
[Note: Reviewers should answer this question within the context of the scope of their review and based on the results of the QCR. Consideration should be given as to whether the auditor exercised reasonable care and professional skepticism.] | 2023 TIVAG Ch. 1, E.1  
GAS 3.109;  
AT-C 105.46-48 |
| QCR-6           | Did auditors responsible for planning, directing, performing engagement procedures, and reporting on the engagement meet the GAGAS continuing professional education requirements? | 2023 TIVAG Ch.1, E.1  
GAS 4.16-.18 |
| QCR-7           | In the judgment of the reviewer, did the auditors assigned to conduct the engagement collectively possess the competence needed to address the engagement objectives and perform their work in accordance with GAGAS?  
[Note: Reviewers should answer this question within the context of the scope of their review and based on the results of the QCR. Consideration should be given as to whether the assigned staff have the technical knowledge of Title IV programs and GAGAS audits.] | 2023 TIVAG Ch.1, E.1  
GAS 4.02-4.04 |
| QCR-8           | Did the audit organization have an external peer review performed by reviewers independent of the audit organization within the last 3 years? | 2023 TIVAG Ch.1, E.1  
GAS 5.60, 5.84 |
| QCR-9           | Were the auditor(s) licensed certified public accountants, persons working for licensed certified public accounting firms, or licensed accountants in states that have multiclass licensing systems that recognize licensed accountants other than certified public accountant? | 2023 TIVAG Ch.1, E.2  
GAS 7.07 |
| QCR-10          | If the servicer is located in a State outside the auditor's home State, did the engagement documentation include evidence that the auditor complied with the applicable State’s public | 2023 TIVAG Ch.1, E.2 |
### Fraud Reporting

<table>
<thead>
<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-11</td>
<td>If the auditor detected indications of fraud related to Title IV funds, or if the auditor learned that management identified possible fraud related to Title IV funds and failed to report the possible fraud as required, did the audit documentation support that the auditor:</td>
<td>2023 TIVAG Ch.1, H.1 AT-C 205.34 GAS 7.15</td>
</tr>
<tr>
<td>QCR-11a</td>
<td>Reported the matter immediately to the appropriate regional office of ED-OIG’s Investigation Services?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-11b</td>
<td>Prepared a separate written report concerning fraud or indications of such activities?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-11c</td>
<td>Communicated with ED-OIG’s Investigation Services about whether the separate written report should be submitted with financial audit and/or compliance examination engagement reports?</td>
<td>-</td>
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</tbody>
</table>

### Engagement Letter

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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-12</td>
<td>Did the engagement letter between the auditor and the servicer include the following elements:</td>
<td>2023 TIVAG Ch.1, H.2</td>
</tr>
<tr>
<td>QCR-12a</td>
<td>A statement that the engagement is to be conducted in accordance with GAGAS and this Guide?</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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<tr>
<td>QCR-12b</td>
<td>A description of the scope of the engagement and the related reporting that will meet the requirements of this Guide?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12c</td>
<td>A statement that the auditor(s), the audit firm, its partners, assigned audit staff or contractors capable of substantially influencing the development or outcome of the engagement are not currently debarred from participating in any procurement and non-procurement transactions of any Federal executive branch agency?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12d</td>
<td>Disclose the names of any contractors, or staff of the auditor or the firm, that will be working on the engagement that are debarred from participating in any procurement and non-procurement transactions of any Federal executive branch agency?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12e</td>
<td>A statement that both parties understand that ED will use the auditor's report to help carry out its oversight responsibilities of the Title IV programs?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12f</td>
<td>A statement that the servicer provides the auditor all required representations and assertions, as well as the required corrective action plan if findings are disclosed during the engagement?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12g</td>
<td>A statement that the servicer has informed the auditor of early implementation on any regulatory changes?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12h</td>
<td>A statement that the servicer understands that the auditor is required to immediately report to the appropriate regional office of ED-OIG’s Investigation Services any indications of fraud related to Title IV funds or any possible fraud identified by management that was not appropriately reported?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12i</td>
<td>A provision that the auditor should provide upon request from ED, the ED-OIG, or their representatives, access to examination documentation, including access to examination information stored in electronic format, and including the ability to retain copies of that information in paper or electronic form?</td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
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<tr>
<td>QCR-12j</td>
<td>A provision that the auditor should retain examination documentation and reports for a minimum of five years after the date of issuance of the auditor’s report(s) to the entity, unless a pertinent law or regulation provides for a longer retention period, or the auditor is notified in writing by ED or us to extend the retention period?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12k</td>
<td>A provision that the auditor provides a copy of the firm’s most recent external peer review report to the servicer procuring the auditor’s services when requested, and will provide any subsequent external peer review reports during the life of the contract, when requested?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-12l</td>
<td>A provision that the auditor will provide a copy of the firm license to the servicer procuring the auditor’s services when requested and will provide any subsequent licenses during the life of the contract, when requested?</td>
<td>-</td>
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**SERVICER COMPLIANCE EXAMINATION ENGAGEMENT**

**Examination-level Attestation Engagement**

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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-13</td>
<td>Did the engagement documentation support that the auditor performed an examination-level attestation engagement and that the compliance examination engagement was performed in accordance with the standards applicable to examination engagements contained in <em>Government Auditing Standards</em> and AICPA’s clarified attestation standards?</td>
<td>2023 TIVAG Ch. 4, A</td>
</tr>
</tbody>
</table>
### Contracting with More Than One School

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<tr>
<th>Question Number</th>
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<tbody>
<tr>
<td>QCR-14</td>
<td>If the servicer contracted with more than one participating school, did the servicer submit a single compliance examination engagement report that covers the applicable compliance requirements in Chapter 4 relating to the servicer’s administration of the Title IV programs for all schools with which the servicer contracts?</td>
<td>2023 TIVAG Ch.4, B.1</td>
</tr>
</tbody>
</table>

### Management Assertions and Representations

<table>
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<tr>
<th>Question Number</th>
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</thead>
<tbody>
<tr>
<td>QCR-15</td>
<td>Were the following written representations obtained from management concerning the compliance examination engagement?</td>
<td>2023 TIVAG Ch.4, B.2</td>
</tr>
<tr>
<td>QCR-15a</td>
<td>Management’s assertions about whether it complied with all criteria effective during the examination period, as appropriate, for each of the following requirements for which it provided service? Institutional Eligibility and Participation, Reporting, Student Eligibility, Disbursements, Return of Title IV Funds, Cash Management, Perkins Loan Program, Administrative Requirements, Closeout, and Servicer Eligibility and Contracts.</td>
<td>2023 TIVAG Ch.4, B.2 AT-C 205.51(a)</td>
</tr>
<tr>
<td>QCR-15b</td>
<td>All relevant matters are reflected in management's assertions about compliance?</td>
<td>AT-C 205.51(b)</td>
</tr>
<tr>
<td>QCR-15c</td>
<td>All known matters contradicting management’s assertions about compliance and any communication from regulatory agencies or others affecting the servicer's compliance have been disclosed to the practitioner, including communications</td>
<td>AT-C 205.51(c)</td>
</tr>
<tr>
<td>Question Number</td>
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<td>Criteria</td>
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<tr>
<td>QCR-15d</td>
<td>received between the end of the fiscal year and the date of the practitioner's report?</td>
<td></td>
</tr>
<tr>
<td>QCR-15e</td>
<td>Management acknowledges responsibility for compliance with the applicable requirements of the Title IV programs and the assertions about compliance?</td>
<td>AT-C 205.51(d)</td>
</tr>
<tr>
<td>QCR-15f</td>
<td>Management has disclosed to the practitioner i. all deficiencies in internal control relevant to the engagement of which Management is aware; ii. its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the servicer's compliance; iii. other matters as deemed appropriate?</td>
<td>AT-C 205.51(e)</td>
</tr>
<tr>
<td>QCR-15g</td>
<td>Any known events subsequent to the fiscal year being reported on that would have a material effect on the servicer's compliance have been disclosed to the practitioner?</td>
<td>AT-C 205.51(f)</td>
</tr>
<tr>
<td>QCR-15h</td>
<td>Management has provided the practitioner with all relevant information and access?</td>
<td>AT-C 205.51(g)</td>
</tr>
<tr>
<td>QCR-15i</td>
<td>Management acknowledges its responsibility for establishing and maintaining effective internal control over compliance?</td>
<td>AT-C 315.17(a)</td>
</tr>
<tr>
<td>QCR-15j</td>
<td>Management has performed an evaluation of the servicer's compliance with applicable compliance requirements?</td>
<td>AT-C 315.17(b)</td>
</tr>
<tr>
<td>QCR-15k</td>
<td>Stating Management's interpretation of any compliance requirements that have varying interpretations?</td>
<td>AT-C 315.17(c)</td>
</tr>
<tr>
<td>QCR-15l</td>
<td>Stating that Management has disclosed any known noncompliance occurring during or subsequent to the period covered by the practitioners report?</td>
<td>AT-C 315.17(d)</td>
</tr>
<tr>
<td>QCR-15m</td>
<td>Stating that for the preceding five years the servicer has not been limited, suspended, or terminated by ED, nor had the servicer been cited for failure to submit required examination engagements?</td>
<td>2023 TIVAG Ch.4, C.11.b</td>
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### Assessing Risk and Internal Controls

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<tr>
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<tbody>
<tr>
<td>DR-14</td>
<td>Is the report free of indications of fraudulent or illegal acts or other sensitive matters affecting Federal awards?</td>
<td>-</td>
</tr>
<tr>
<td>DR-15</td>
<td>Is the report free of indications that the auditor is not independent or is not qualified to perform the audit? [Note: Reviewers may wish to answer this question after completion of the checklist. If a question arises concerning the licensing of a public accountant, State licensing authorities should be able to provide the necessary information.]</td>
<td>-</td>
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### Assessing Risk and Internal Controls

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<th>Question Number</th>
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</table>
| QCR-16          | Did the engagement documentation support that the auditor obtained an understanding of the compliance requirements and an understanding of internal controls over compliance, for each compliance assertion sufficient to identify and assess the risks of material noncompliance, provide the basis for designing and performing procedures in response to assessed risks, and to provide a basis for obtaining reasonable assurance to support the practitioner’s opinion?  
*Note: Standards require the auditor to perform procedures in addition to inquiry of personnel, such as inspection of documents and observation of activities* | 2023 TIVAG Ch.4, B.3 AT-C 205.14-.15; AT-C 315.13 and .15 |
| QCR-17          | Did the engagement documentation support that the auditor adequately designed procedures to respond to the assessed risk and obtain reasonable assurance to support the auditor’s opinion?                                                                                 | AT-C 205.20-.21 AT-C 315.15 |
### Fraud

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<tbody>
<tr>
<td>QCR-18</td>
<td>Did the engagement documentation support that the auditor:</td>
<td>AT-C 205.33</td>
</tr>
<tr>
<td>QCR-18a</td>
<td>Considered whether risk assessment procedures and other procedures related to understanding the servicer's compliance indicate risk of material noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-18b</td>
<td>Made inquiries of appropriate parties to determine whether they have knowledge of any actual, suspected, or alleged noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-18c</td>
<td>Evaluated whether there are unusual or unexpected relationships related to the servicer's compliance that indicate risks of material noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-18d</td>
<td>Evaluated whether other information obtained indicates risk of material noncompliance with laws or regulations due to fraud?</td>
<td>-</td>
</tr>
</tbody>
</table>

### Materiality for Purposes of Providing Compliance Opinion

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-19</td>
<td>Did the engagement documentation include the auditor’s determination of materiality for each type of compliance requirement?</td>
<td>2023 TIVAG Ch.4, B.4 AT-C 205.17 AT-C 315.12</td>
</tr>
</tbody>
</table>
## Follow-up on Resolution of Prior Findings

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-20</td>
<td>Did the engagement documentation support that the auditor followed up on the resolution of prior findings by:</td>
<td>GAS 7.13</td>
</tr>
<tr>
<td>QCR-20a</td>
<td>Asking management to identify previous engagements that directly relate to the servicer’s compliance with the Title IV program requirements in the 2023 TIVAG, including whether related recommendations have been implemented?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-20b</td>
<td>Evaluating whether the servicer had taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the subject matter?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-20c</td>
<td>Using the information in assessing risk and determining the nature, timing, and extent of current work and determining the extent to which testing that corrective actions have been implemented is applicable to the current engagement objectives?</td>
<td>-</td>
</tr>
</tbody>
</table>

## Compliance with Other Standards

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-21</td>
<td>Did the auditor respond appropriately to facts that become known to the auditor after the date of the report that, had they been known to the auditor at that date, may have caused the auditor to revise the report?</td>
<td>AT-C 205.50</td>
</tr>
<tr>
<td>QCR-22</td>
<td>Was the engagement documentation for the compliance examination prepared in sufficient detail to provide a clear understanding of the procedures performed (including identifying characteristics of items tested and who performed and reviewed the engagement work and the date such work was completed and reviewed), the evidence obtained, and the conclusions reached?</td>
<td>GAS 7.33-.34 AT-C 205.89</td>
</tr>
</tbody>
</table>
### Sampling Methodology

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCR-24</td>
<td>Did the engagement documentation support that the auditor selected samples in accordance with the required sampling methodology by:</td>
<td>2023 TIVAG Ch.4, B.5 AT-C 205.32</td>
</tr>
<tr>
<td>QCR-24a</td>
<td>Considering the functions performed by the servicer and the systems used to provide services?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-24b</td>
<td>Selecting samples to test management’s assertions on reporting, student eligibility, disbursements, and return of Title IV funds that met the minimum sample size requirements described in Chapter 3, Section B.7?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-24c</td>
<td>For testing other management assertions, using applicable attestation standards and the AICPA Audit Guide <em>Audit Sampling</em> in determining the universe(s) and size of samples?</td>
<td>-</td>
</tr>
<tr>
<td>QCR-24d</td>
<td>Ensuring that the sample(s) relate to an examination objective and to all functions performed by the servicer? <em><strong>Note that if compliance procedures for various schools or types of schools vary significantly, it may be necessary for each school or type of school to be considered a separate population. If an initial sample (taken from a combined population of schools) does not include an attribute being tested, it may be an indication that the sampling population was not defined properly. In these cases, the auditor may either reevaluate the original population to allocate the sample more appropriately or add items with the needed attribute to the testing.</strong></em></td>
<td>-</td>
</tr>
<tr>
<td>Question Number</td>
<td>Question</td>
<td>Criteria</td>
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</tr>
<tr>
<td>QCR-25</td>
<td>Did the auditor describe in the engagement documentation the sampling methodology that has been employed, including information that identifies the size and content of the universes from which samples are drawn, including number of students/transactions/events and, if applicable, total dollar values associated with the universes?</td>
<td>2023 TIVAG Ch.4, B.5</td>
</tr>
<tr>
<td>QCR-26</td>
<td>Did the auditor report all noncompliance identified by the auditor during the compliance examination engagement or all material noncompliance identified by the servicer and disclosed to the auditor during the engagement as findings in the Schedule of Findings and Questioned Costs?</td>
<td>2023 TIVAG Ch.4, B.6</td>
</tr>
<tr>
<td>QCR-27</td>
<td>If the report includes findings, did the engagement documentation support that the servicer sent the report or a separate communication to each school that it services, disclosing the instances of noncompliance applicable to the school, and of management’s plans to correct the noncompliance?</td>
<td>2023 TIVAG Ch.4, B.6</td>
</tr>
<tr>
<td>QCR-28</td>
<td>If material noncompliance was found within one of the samples, did the engagement documentation support that the auditor evaluated whether their existing sample was sufficient to report estimated total Title IV questioned costs and estimated percentage of errors using the required precision/confidence level, and if not, expanded the sample and performed the applicable testing in order to report the estimates using the required precision/confidence level?</td>
<td>2023 TIVAG Ch. 3, B.7</td>
</tr>
</tbody>
</table>
Servicer Compliance Examination
Procedures

C.1 Institutional Eligibility and Participation

C.1 Selected a representative sample of schools for which the servicer provided services related to Institutional Eligibility and Participation and performed the applicable procedures required by Chapter 3, Section C.1 [included below]?

From Chapter 3, Section C.1

C.1.1. Legal Authority

C.1.1.a Using sources appropriate for the State(s) in which the school is physically located, ascertained the school’s legal authority to provide postsecondary educational programs during the audit period in the State(s) in which it is physically located?

C.1.1.b If the school offers distance education or correspondence education, using sources appropriate for the State(s) in which the school’s students are located, ascertained the school’s legal authority to provide postsecondary educational programs during the audit period in the State(s) in which the school’s distance education or correspondence education students are located?

C.1.2. Accreditation

C.1.2.a Ascertained the school’s accreditation status during the audit period by examining the accreditation certificate or letter of accreditation and by reviewing outgoing and incoming correspondence with the accrediting agency?

C.1.2.b Verified that the school’s accreditor is recognized by ED for Title IV purposes by ascertaining if the school’s accreditor is on the list of institutional accrediting agencies recognized for Title IV purposes? If the school offers any portion of a program via distance education, you should also note whether the accreditor is recognized for accreditation of distance education (see procedure C.1.4.6.c)?

C.1.2.c If a change in accrediting agencies occurred or is in process, ascertained whether the school lost its accreditation as described in 34 C.F.R. § 600.11(c) which renders the school ineligible and, if not, whether the school has taken steps to notify ED as required by 34 C.F.R. § 600.11(a)?
C.1.3 Approved Locations

C.1.3.a Through inquiries of management; site visit observation; and review of State and accrediting agency approval documents and school marketing material, identified and reported on the School Information Sheet all locations of the school and ascertained which locations were designated as eligible locations on the ECAR that was in effect for the audit period?

C.1.3.b For any location identified in procedure C.1.3.a above that was not on the ECAR:

C.1.3.b.1 If the location is a branch campus, ascertained that (a) the school applied for ED's approval of the branch and (b) no Title IV funds were disbursed to students attending the branch unless approval was received?

C.1.3.b.2 If the location is an additional location that offers at least 50% or more of a program and the school meets one or more of the criteria in 34 C.F.R. § 600.20(c)(1), ascertained that (a) the school applied for ED’s approval of the location and (b) no Title IV funds were disbursed to students attending the location unless approval was received?

C.1.3.b.3 If the location is an additional location that offers at least 50% or more of a program and the school does not meets one or more of the criteria in 34 C.F.R. § 600.20(c)(1), ascertained that (a) the school reported the location to ED within 10 days and (b) if Title IV funds were disbursed to students at the location, that the locations were licensed and accredited?

C.1.4 Eligible Programs

C.1.4.a Through inquiries of management, site visit observations, and review of State and accrediting agency approval documents and school marketing material, identified the programs offered by the school during the audit period and ascertained which programs were designated as eligible during the school's last certification or re-certification process?

C.1.4.b "If the school or program met one or more of the criteria described in 34 C.F.R. § 600.10(c)(1) or 600.20(c) and (d), for any programs identified in procedure C.1.4.a above that was not designated as eligible by ED during the last certification or recertification process, ascertained that (a) the school applied for ED’s approval of the program and (b) no Title IV funds were disbursed to students enrolled in those programs unless approval was received?"

C.1.4.c If the school was not required to wait for ED approval and instead self-certified program eligibility, for any programs identified in procedure C.1.4.a above that was not designated as eligible by ED during the last certification or recertification process, ascertained that (a) the programs had the necessary state and accrediting agency approvals; and (b) the programs met the following program eligibility criteria:
C.1.4.c.1 "Requirements related to minimum length and duration of the program, the type of students enrolled, and requirements for short-term or certain liberal arts programs, as described in 34 C.F.R. § 668.8(d)?"

C.1.4.c.2 Requirements related to the level and kind of educational credential offered for Pell, FSEOG, and TEACH Grant, as described in 34 C.F.R. § 668.8(h)?

C.1.4.c.3 Flight training programs have a current valid certification from the Federal Aviation Administration, as described in 34 C.F.R. § 668.8(i)?

C.1.4.c.4 ESL programs admit only students who are determined to need the ESL instruction to use already existing knowledge, training, or skills; the program leads to a degree, certificate, or other recognized credential; and students in the program receive only Pell, described in 34 C.F.R. § 668.8(j)?

C.1.4.c.5 "For undergraduate programs in credit hours that did not meet the exceptions described in 34 C.F.R. § 668.8(k and l), (1) the school used the appropriate clock to credit hour conversion formula to determine whether the program includes the minimum number of credit hours and (2) the school timely updated the E-App to reflect only the in-class hours in the program?"

C.1.4.c.6 If the school offers any portion of a program via distance education, the school has been evaluated and accredited for its effective delivery of distance education programs by a recognized accrediting agency that has distance education within its scope of recognition, as described in 34 C.F.R. § 668.8(m)?

C.1.4.c.7 Comprehensive transition and postsecondary programs for students with disabilities received only Pell, FSEOG, and FWS funds, as described in 34 C.F.R. § 668.8(n) and 668.230?

C.1.4.d Reviewed the academic records for a sample of one graduated student from each eligible nondegree education program and ascertained that the programs offered during the audit period were conducted at the published lengths (in credit or clock hours) and durations (number of weeks and/or months) and that the lengths and durations of the programs met the established minimum requirements?

C.1.4.e For short term programs, substantiated the school’s calculation of its completion and placement rates and recorded the substantiated rates on the School Information Sheet:

C.1.4.e.1 Selected a random sample of the regular students who were enrolled during the award year for which the most recent completion rate was calculated and tested to verify if each student in the sample was included appropriately in each step of the rate’s calculation, as described in 34 C.F.R. § 668.8(f)?
C.1.4.e.2 Selected a random sample of the students who graduated during the award year for which the most recent placement rate was calculated and tested to verify if each student in the sample was included appropriately in each step of the rate’s calculation, as described in 34 C.F.R. § 668.8(g)?

C.1.5 Educational Programs Provided by Ineligible Schools or Organizations

C.1.5.a For any eligible program identified in procedure C.1.4.a above, ascertained if an ineligible school or organization has authority over the design, administration, or instruction in the program’s courses, and therefore is providing part of an educational program as described in 34 C.F.R. § 668.5(g)? (Note: If such an arrangement exists but is not included in a written arrangement, report the arrangement as a finding.)

C.1.5.b Ascertained that each ineligible school or organization providing part of an educational program is not ineligible for reasons described in 34 C.F.R. § 668.5(c)(1)?

C.1.5.c Obtained the program description for any educational program provided in full or in part by ineligible schools or organizations:

C.1.5.c.1 Ascertained if the program description includes a description of the agreement, including the information required by 34 C.F.R. § 668.43(a)(12)?

C.1.5.c.2 Determined the percentage of the educational program provided by the ineligible school(s) or organization(s), considering guidance provided in Dear Colleague Letter GEN-22-07 on written arrangements incorrectly characterized as offered by the eligible school?

C.1.5.d If an ineligible school or organization is providing more than 25 percent of an educational program, ascertained that (a) the ineligible school or organization provides less than 50 percent of the program; (b) the school and ineligible school or organization are not owned or controlled by the same individual, partnership, or corporation; and (c) that the school’s accrediting agency specifically determined that the school’s arrangements meet the agency’s standards for contracting for educational services?

C.1.5.e Ascertained if the school or its servicer is performing all the financial aid processing and delivery for students attending programs that involved an arrangement with an ineligible school or organization, and whether it is maintaining all records necessary to document the students’ eligibility for and receipt of aid?

C.1.6 Incentive Compensation

C.1.6.a Made inquiries of management about whether (1) the school contracts for services related to recruitment or admissions activities or services related to securing financial aid and (2) staff involved in recruitment, admissions, or securing financial aid activities are eligible for any incentive programs or are subject to any exceptions to general employment agreements?
C.1.6.b Obtained a list of servicer employees that the servicer relies on to recruit, admit, and/or enroll the school’s students, or to award Title IV funds, and applied the below procedures to a sample of those servicer employees?

C.1.6.b.1 Obtained performance, compensation, and payment records (such as compensation plans, employment contracts, performance or tracking reports used to track employee performance, performance evaluations, individual performance agreements, wage or salary adjustment records, personnel files, payroll records, and other records of payments)?

C.1.6.b.2 Reviewed the records for adjustments to servicer employee compensation, profit-sharing payments, bonuses, commissions, the provision of anything of value, or other incentive payments?

C.1.6.b.3 Determined whether such payment or compensation was based directly or indirectly on success in securing enrollment or awarding Title IV funds?

C.1.6.c Obtained from the school a list of entities that the school enters into a contractual agreement with to recruit, admit, and/or enroll its students, or to award Title IV funds? For the entities identified:

C.1.6.c.1 Obtained contractual, performance, compensation, and payment records (such as entity compensation plans, contracts between the school and entity, invoices, accounts payable, and other records of payments)?

C.1.6.c.2 Reviewed the records for adjustments to entity compensation, profit sharing payments, the provision of anything of value, or other incentive payments?

C.1.6.c.3 Determined whether such payment or compensation was based directly or indirectly on success in securing enrollment or awarding Title IV funds?

C.1.6.d If the school has tuition sharing with an entity that provides recruiting services as part of a bundle of services, reviewed the entity records identified in C.1.6.c above for evidence that the contracted entity is related to the school?

C.1.7 Conditions of Institutional Ineligibility

C.1.7.b If the school offered correspondence courses, provided education to incarcerated students, or (if the school does not provide a four-year bachelor’s or two-year associate degree) had students that had neither a high school diploma nor the recognized equivalent, substantiated the school’s calculation of the ratios for its latest complete award year and recorded the substantiated rates on the School Information Sheet by:

C.1.7.b.1 Testing the universes that the school used for the calculations of the ratios for completeness and for proper classification and re-calculated the school’s ratios? (If the school’s fiscal year is different than the award year, evidence should also be obtained for portions of the calculations outside of the audit period.)
C.1.7.b.2 Ascertaining if the substantiated ratios are within the regulatory ranges specified in 34 C.F.R. § 600.7(a)(1)?

C.1.7.c If the conditions described in 34 C.F.R. § 600.7(a)(2) and (a)(3) related to bankruptcy or crimes involving the Title IV programs exist, ascertained that the school notified ED within 10 days and ensure that the audit complies with requirements in C.10 for a close out audit?

C.1.8 Preferred Lender Arrangement Provisions in Code of Conduct

C.1.8.b If the school participates in a preferred lender arrangement:

C.1.8.b.1 Obtained a copy of the Code of Conduct and ensured it prohibits (a) revenue-sharing arrangements with any lender; (b) Financial Aid office employees receiving gifts from a lender, a guarantor, or a loan servicer; (c) consulting or other contracting arrangements with a lender or affiliate; (d) directing borrowers to particular lenders or delaying loan certifications; (e) requesting or accepting offers of funds for private loans from a lender; (f) staffing assistance from lenders; or (g) advisory board compensation?

C.1.8.b.2 Determined if the school has annually informed its officers, employees, and agents with responsibilities with respect to loans made, insured, or guaranteed under the Title IV, HEA program loans or private loans of the Code of Conduct?

C.1.8.b.3 Determined if the Code of Conduct is published on the school’s Web site?

C.2 Reporting

C.2 Selected a representative sample of schools/students for which the servicer provided services related to Reporting and performed all applicable procedures required by Chapter 3, Section C.2 [included below]?

From Chapter 3, Section C.2

C.2.1 Enrollment Reporting

C.2.1.a For Pell and Direct Loan students in both samples selected for compliance testing who had a reduction or increase in attendance levels, graduated, withdrew, or enrolled but never attended during the audit period, compared the data in the student’s NSLDS Enrollment Timeline/Enrollment Detail to the student’s academic files and other school records and verified that the school is accurately reporting the significant Campus-Level and Program-Level enrollment data elements that ED considers high risk?

C.2.1.b For instances in the sample tested in procedure C.2.1.a above where a Direct loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or a student who was enrolled
at the school and who received a loan under Title IV has changed his or her permanent address, determined whether the school reported the change in its next updated Enrollment Reporting Submittal file (normally due within 60 days of the change)?

C.2.2 FISAP

C.2.2.a Obtained the FISAP submitted during the audit period and performed appropriate analytical procedures and ascertained the reason for any unexpected differences?

C.2.2.b On a test basis, traced items listed on Parts II through V of the FISAP, as applicable, to the school’s records?

C.2.2.c For schools that liquidated their Perkins fund during the audit period, traced the cash on hand, repayments of fund capital to the federal government and to the school, and cost of loan principal and interest cancelled from Part – III, Section A to the school’s records?

C.2.2.d For schools that have not liquidated their Perkins fund, traced all items in Part – III, Section C to the school’s records?

C.3 Student Eligibility

C.3 Selected a representative sample of schools/students for whom the servicer provided services related to Student Eligibility and performed all applicable procedures required by Chapter 3, Section C.3 [included below]?

From Chapter 3, Section C.3

C.3.1 General and Program-Specific Student Eligibility Requirements

C.3.1.a For students in both samples selected for compliance testing, reviewed student records and determined if the students met the general eligibility requirements of 34 C.F.R. §§ 668.32 by determining whether the student:

C.3.1.a.1 Is a person enrolled as a regular student in an eligible program unless an allowable exception for preparatory or teacher certification coursework is met?

C.3.1.a.2 Is not enrolled in an elementary or secondary school?

C.3.1.a.3 Either (1) stated on their Free Application for Federal Student Aid (FAFSA) they had either a high school diploma, its recognized equivalent (e.g., a GED), or were homeschooled, and if not (2) has completed one of the ATB alternatives and is either currently enrolled in an eligible career pathway program (as described in Section C.3.2 below) or first enrolled in an eligible postsecondary program prior to July 1, 2012? (Note that if the student established Title IV eligibility under the ATB test alternative, this will involve determining that the ATB test used was approved by ED and comparing the student’s test score to the published passing score.)

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C.3.1.b For students in both samples selected for compliance testing, reviewed student records and determined if the students met the applicable eligibility requirements for participation in the various Title IV programs by:

C.3.1.b.1 For Direct Loan Students, determining that students were enrolled on at least a half-time basis?

C.3.1.b.2 If a PLUS loan was awarded as part of the packaging process, ascertaining whether the student or parent did not have an adverse credit history and met the eligibility conditions related to social security number, citizenship and residency, defaults and overpayments, and repayment of Title IV assistance obtained by fraud?

C.3.1.b.3 For IASG students, determining that the student was less than 24 years of age when the covered parent or guardian died, or was enrolled part-time or full-time at an institution of higher education?

C.3.1.b.4 For TEACH Grant students, determining that the student (a) signed an agreement to serve or repay for each TEACH Grant-eligible program for which the student received TEACH grant funds and (b) met the academic standards via grade point average or appropriate admissions test (and that the school maintains documentation of the student meeting such standard)?

C.3.1.c If conflicting information is found in student files, ascertained if the school also documented its proper resolution of the conflict?

C.3.1.d If the auditor detected indications of ghost students or other fraudulent activity, the auditor reported this immediately to ED’s OIG, Investigations Services, following the guidance in Chapter 1, Section H.1?

C.3.2 Eligible Career Pathway Program

C.3.2.a Ascertained if the school maintains documentation that each of its eligible career pathway programs that it uses as a basis for determining a student’s eligibility under the ATB alternatives meets the requirements in the definition of an eligible career pathway program in section 484(d)(2) of the HEA?

C.3.3 Eligibility Information on Student Aid Reports (SARs) and ISIRs

C.3.3.a For students in both samples selected for compliance testing, reviewed the SAR/ISIR and other student records and (1) determined if there are any indications that the students did not meet the eligibility requirements of citizenship, Social Security Number, financial aid history, and overpayments and defaults; (2) verified that the school has acceptable documentation verifying the student’s edibility if comment codes remain on the SAR/ISIR indicating issues in these areas; and (3) verified that the school maintains appropriate information in the student’s file if the ISIR shows that the student defaulted on a federal student loan before March 13, 2020, as described in DCL GEN-22-13?
C.3.4 Verification

C.3.4.a For students in both samples selected for compliance testing who were subject to verification by ED, determined if the school performed verifications of the students by reviewing student aid files to ascertain whether the school obtained acceptable documentation to verify the information required for the Verification Tracking Group to which the applicant was assigned, matching information on the documentation to the student aid application and, if necessary, submitting data corrections to the central processor and recalculating awards?

C.3.4.b For students in both samples selected for compliance testing who receive Pell grants, ascertained if the school correctly coded the students’ verification status in COD?

C.3.5 Prior Degrees and Incarceration

C.3.5.a For students in both samples selected for compliance testing who received Pell, IASG, or FSEOG, reviewed student records and determined if the students met the applicable requirements pertaining to prior degrees for participation in the programs from which they received aid?

C.3.5.b For students in both samples selected for compliance testing who were incarcerated, determined whether they met the requirements pertaining to incarceration for the Title IV programs from which they received aid?

C.3.6 Determining that Students Maintain SAP

C.3.6.a For students in both samples selected for compliance testing:

[See related steps in Chapter 3, Procedure C.8.1.d]"

C.3.6.a.1 For those students that had completed a payment period and therefore were subject to satisfactory academic progress measurement, ascertained if the students met satisfactory academic progress requirements for the audit period (1) at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or (2) for all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period?

C.3.6.a.2 Tested calculations of grade point averages and other quantitative measures that conforms to ED requirements as specified in 34 C.F.R. § 668.34(a)(4-6)?

C.3.6.a.3 Determined that students have not exceeded (or will not be able to mathematically complete the program within) the regulatory maximum timeframe for undergraduate students (150 percent of the published length of the program or less if school policy is more restrictive), or the school’s established maximum timeframe for graduate programs?
C.3.6.a.4 For students not making satisfactory academic progress, the students did not receive Title IV funds, unless the school placed the student on financial aid warning or financial aid probation for one payment period?

C.3.6.a.5 For any student that the school permits to appeal a determination, determined if the student provided the information regarding why the student failed to make satisfactory academic progress, and what has changed in the student’s situation that allowed the student to demonstrate satisfactory academic progress at the next evaluation?

C.3.7 Professional Judgment Decisions

C.3.7.a For students in both samples selected for compliance testing for which the FAA used professional judgment to adjust the COA or the FAFSA elements used to calculate the student’s EFC, or in which the parent has ended financial support:

C.3.7.a.1 Determined if there is adequate documentation in the student file to support professional judgment adjustments?

C.3.7.a.2 Ascertained if adjustments were made on a case-by-case basis?

C.3.7.a.3 Ascertained if a new SAR/ISIR was received that indicated “Professional judgment processed” and used to award Title IV funds, if applicable?

C.3.7.a.4 If the student does not receive parental financial support, ascertained if all required documentation to verify that the parents of the student have ended financial support of the student and refused to file a FAFSA is in the student file and the student only received a dependent-level unsubsidized loan?

C.3.7.b For students in both samples selected for compliance testing for which the FAA made a dependency override:

C.3.7.b.1 Determined if there is adequate documentation in the student file to support the override?

C.3.7.b.2 Ascertained if the override was made on a case-by-case basis?

C.3.8 Students on LOAs

C.3.8.a For students in both samples selected for compliance testing, reviewed student records noting which students were recorded as being on an LOA?

C.3.8.a.1 For these students, ascertained if the LOA was approved according to the school’s LOA policy and in accordance with ED’s requirements?
C.3.8.a.2 If not approved according to the school’s LOA policy and ED’s requirements or the student failed to return from the LOA, ascertained if the school treated the student as a withdrawal and if the withdrawal was processed in a timely fashion, per ED regulations?

C.3.9 Financial Need

C.3.9.a For students in both samples selected for compliance testing, reviewed student records and determined if the need-based Title IV funds awarded exceeded financial need?

C.3.10 Calculating Pell and IASG

C.3.10.a For each program of study the school offers, determined the academic year and the number of weeks of instructional time and determined how the programs are offered (i.e., term based with standard or non-standard terms or a non-term program)?

C.3.10.b Ascertained if the school was using an allowable formula to calculate Pell based on how the programs are offered?

C.3.10.c For students in both samples selected for compliance testing who were awarded Pell or IASG, determined if the calculation for each student is correct according to the applicable regulations and as described in the FSA Handbook?

C.3.10.d For students in both samples selected for compliance testing who received Pell or IASG funds in excess of 100% of their Scheduled Award during a single award year, determined whether the students were enrolled at least half-time?

C.3.11 Calculating Direct Loans

C.3.11.a For students in both samples selected for compliance testing, reviewed student records and determined that:

C.3.11.a.1 The loan amounts for subsidized loans were based on need and were calculated correctly, including, if applicable, loan proration?

C.3.11.a.2 The loan amounts disbursed were within the annual and aggregate loan limits appropriate for each student’s grade level and (for Direct Unsubsidized Loans) dependency status?

C.3.11.a.3 For instances where the student was denied or not awarded the full amount of Direct Loans the student was eligible for, determined that an appropriate reason was documented and given in written form to the student?
C.3.12 Calculating TEACH Grants

C.3.12.a For students in both samples selected for compliance testing who received a TEACH grant, determined if the grant was properly calculated in accordance with 34 C.F.R. § 686, Subpart C?

C.3.13 Attendance

C.3.13.a Determined whether the school is required to take attendance?

C.3.13.b For students in both samples selected for compliance testing, reviewed attendance and related academic records and determined whether the school properly documented that the student began attendance in a payment period or period of enrollment?

C.3.13.c For students who began attendance at a school that is required to take attendance, but did not complete the payment or enrollment period, or who received all failing and/or incomplete grades, reviewed attendance records to determine whether the school properly determined the last date of academic attendance as the withdrawal date?

C.4 Disbursements

C.4 Select a representative sample of schools/students for whom the servicer provided services related to Disbursements and perform all applicable procedures required by Chapter 3, Section C.4 [included below]?

From Chapter 3, Section C.4

C.4.1 Payment Periods Defined

C.4.1.a For each program that is eligible for Title IV funds, ascertained how the school has defined the payment period and determined if the definition complies with ED regulations? (Care should be taken because a number of different factors are used to define a payment period. For example, two programs may have the same number of credit hours, but require different payment periods because they use different types of terms or they are of different lengths.)

C.4.2 Eligibility for Disbursements

C.4.2.a For students in both samples selected for compliance testing:

C.4.2.a.1 Ascertained that the servicer confirmed and documented that the student was eligible for a disbursement before the disbursement was made?

C.4.2.a.2 For any students in the sample who transferred from another school during the award year, determined if the school completed the NSLDS Transfer Student Monitoring
Processes (and waited seven days for a response) or checked the student’s current financial aid history through NSLDS, prior to disbursing funds to the student?

C.4.3 Timing and Appropriateness of Disbursements

C.4.3.a For students in both samples selected for compliance testing, obtained and inspected the student financial aid files and student accounts to identify the student’s payment period and each disbursement date:

C.4.3.a.1 Ascertained if the disbursement was made in accordance with disbursement timing requirements, depending on how the term is measured, if the student is a first-time borrower or not, the student’s progress, and the payment period?

C.4.3.a.2 Ascertained if the amount credited (charged) to student ledger accounts complied with the requirements for current year and prior year charges in 34 C.F.R. § 668.164(c)?

C.4.3.b For students in both samples selected for compliance testing who received Pell, IASG, TEACH grant, and Direct Loan disbursements, selected a sample of the student’s actual disbursements:

C.4.3.b.1 Compared disbursement dates and amounts in the student account at the school to disbursement dates and amounts in COD, which are indicated by a disbursement release indicator set to “true” in COD?

C.4.3.b.2 Determined whether the disbursement record was submitted no earlier than 7 days prior to the disbursement date and no later than 15 days after making the disbursement?

C.4.4 Notification of Disbursement

C.4.4.a For students in both samples selected for compliance testing:

C.4.4.a.1 Determined whether the school provided notification to the student of the amount and type of Title IV funds they were expected to receive and how and when those disbursements would be made?

C.4.4.a.2 For those students who received Direct Loan or TEACH grant funds, ascertained if the school provided notification to the student of the (a) date and amount of the disbursement; (b) student/parent’s right to cancel; and (c) procedure and time by which the student or parent must notify the school that he or she wishes to cancel?

C.4.4.a.3 For those students who requested the loan/grant proceeds to be returned, or the loan to be canceled, determined if the school complied with the borrower/grantee’s request and notified the borrower/grantee of the outcome of the cancellation request, in accordance with the regulations?
C.4.5 FWS

C.4.5.a For students in both samples selected for compliance testing who earned FWS wages:

C.4.5.a.1 Determined if the students were paid at least monthly?

C.4.5.a.2 Determined if the students’ hours worked were documented and certified that each student worked and earned the amount being paid; and the hours worked did not conflict with the student’s class schedule?

C.4.5.a.3 If payment was made by crediting FWS funds to the student’s account, ascertained that the student authorized that payment method?

C.4.6 Entrance Counseling

C.4.6.a Determined the entrance counseling method used by the school (i.e.: ED’s online counseling through Studentaid.gov, in-person sessions, or separate written forms)? If the school is not using ED’s online counseling, obtain the counseling materials used?

C.4.6.b For students in both samples selected for compliance testing who were first-time Direct Stafford loan borrowers or were first-time graduate or professional Direct PLUS loan borrowers:

C.4.6.b.1 Ascertain if entrance counseling was performed prior to the first disbursement of loan proceeds or whether the school documented that such entrance counseling was not required because of the student’s prior borrowing?

C.4.6.b.2 If the school is not using ED’s online counseling, determined if the school’s documentation of entrance counseling evidences counseling that covers all of the required elements identified in 34 C.F.R. § 685.304(a)(6) or in 34 C.F.R. § 685.304(a)(7)?

C.4.6.c For students in both samples selected for compliance testing who received a TEACH grant, determined if the student received his or her initial counseling prior to receiving funds, and that documentation of the counseling was maintained?

C.4.7 Exit Counseling

C.4.7.a Determined the exit counseling method used by the school (i.e.: ED’s online counseling through Studentaid.gov, in-person sessions, or separate written forms)? If the school is not using ED’s online counseling, obtain the counseling materials used?

C.4.7.b For students in both samples selected for compliance testing who received a Direct loan and ceased attending at least half time at the school:

C.4.7.b.1 Ascertain if exit counseling was performed?
C.4.7.b.2 If the school is not using ED’s online counseling, determined if the school’s documentation of exit counseling evidences counseling that covers all of the required elements identified in 34 C.F.R. § 685.304(b)?

C.4.7.c If the school is not using ED’s online counseling, for students in both samples selected for compliance testing who received a Direct loan and (1) graduated, (2) ceased attending at least half time, or (3) withdrew without the school’s knowledge, reviewed records evidencing whether the current student borrower information was submitted to ED within 60 days of obtaining the information?

C.4.7.d For students in both samples selected for compliance testing who received a TEACH grant and ceased enrollment at the school, determined if the school held the proper exit counseling?

C.4.8 Credit Balances and Authorizations

C.4.8.a For students in both samples selected for compliance testing where Title IV funds created a credit balance in the student account, ascertained if the credit balance was paid to the student or parent borrower within 14 days (or 14 days from the start of school if funds were disbursed prior to the beginning of school) unless documentation evidences that the student or parent borrower gave the school written permission to manage the funds or that the student withdrew?

C.4.8.b For students in both samples selected for compliance testing where Title IV funds created a credit balance in the student account and the school held Title IV funds for the student or parent borrower:

C.4.8.b.1 Determined whether the school obtained authorizations to hold credit balances?

C.4.8.b.2 Determined whether the school paid any remaining funds on loan balances by the end of the loan period and any other remaining funds by the end of the last payment period in the award year for which the funds were awarded?

C.4.8.c If the school holds Title IV funds for a student or a parent borrower, ascertained if it:

C.4.8.c.1 Has established and maintains a subsidiary ledger account that identifies the amount of funds the school holds for student or parent borrowers?

C.4.8.c.2 Maintains, at all times, cash in its bank account in an amount at least equal to the amount of funds the school holds for students or parent borrowers?

C.4.8.d For schools that are on the reimbursement or heightened cash monitoring payment methods, verified that the school disbursed credit balances prior to requesting funds from ED, or for periods covered by the COVID-19 flexibilities, that the school disbursed credit balances no later than three calendar days after receiving the funds for those students?
C.4.9 Using a Servicer or Financial Institution to Deliver Title IV Credit Balances to a Card or Other Access Device

C.4.9.a Determined whether the school has an arrangement with an outside entity to make direct payments of Title IV credit balances by EFT:

C.4.9.a.1 If so, obtained a copy of the full contract (including all attachments, appendices, affiliation agreements, and addendums) and any promotional material provided by the entity to the school and to students and parents to determine whether the arrangement is a Tier One Arrangement or a Tier Two Arrangement?

C.4.9.a.2 If the entity is not associated with processing direct payments of Title IV funds on behalf of the school and a Tier Two arrangement exists, obtained information about the population of students receiving credit balances in the prior three award years and determined whether the school was below or above the credit balance threshold?

C.4.9.b For schools with any Tier One or Tier Two arrangement:

C.4.9.b.1 Determined whether the school established a selection process under which the student chooses an option for receiving payments by electronic funds transfer?

C.4.9.b.2 For students in both samples selected for compliance testing for whom a financial account under the arrangement was opened, determined whether the school informed the student of the terms and conditions of the financial account and obtained the student’s consent to open the financial account?

C.4.9.b.3 Through review of the contract between the school and servicer and the promotional material, determined that (a) the financial account or access device is not marketed or portrayed as, or converted into, a credit card and (b) the student would not incur costs for opening the account or receiving the access device?

C.4.9.b.4 Determined whether the contract(s) establishing the arrangement between the school and financial account provider exist on the school’s Web site?

C.4.9.b.5 Obtain documentation to determine if the school provided a URL for the most recent, unexpired contract to ED for publication in the Cash Management Contracts Database?

C.4.9.c For schools with any Tier One arrangement or a Tier Two arrangement above the threshold:

C.4.9.c.1 Through review of the contract between the school and servicer and the promotional material, (a) determined that students would have access to the funds through surcharge-free ATMs, including at the times payments are made; and (b) determined that the contracts make provisions for termination of the arrangement by the school based on i) complaints received from students or (ii) a determination by the school that the fees assessed under the arrangement are not consistent with or are higher than prevailing market rates?
C.4.9.c.2 Through review of the latest due diligence review, determined that the school is performing such reviews at least every two years to ascertain whether the fees imposed under the arrangement are consistent with or below prevailing market rates?

C.4.9.c.3 Determined whether all required cost information related to the arrangement existed on the school’s Web site and that the cost information was updated within 60 days after the end of each award year?

C.4.9.d For schools with any Tier One arrangement, through review of the contract between the school and servicer and the promotional material, determined that the student (1) would not be extended any credit with the financial account; (2) would not be incur costs for conducting point-of-sale transactions and balance inquiries, or as overdraft fees; and (3) would be provided access to funds up to the account balance without charge during the student's entire period of enrollment?

C.4.10 Grant Overpayments

C.4.10.a For students in both samples selected for compliance testing for which a Title IV grant overpayment occurred that is the responsibility of the student:

C.4.10.a.1 Obtained the NSLDS Overpayment Summary and determined if NSLDS agrees with the school’s records? Ascertained if NSLDS was updated within 30 days to reflect noted overpayments?

C.4.10.a.2 Reviewed the school’s records to ensure that students were appropriately notified of overpayments within 30 days?

C.4.10.a.3 Reviewed the school’s records for evidence of submission of the overpayments to ED’s Default Resolution Group?

C.4.10.a.4 Obtained the COD disbursement details and determined if the necessary adjustments were made to the student’s disbursement data in COD within 15 days?

C.5 Return of Title IV Funds

C.5 Selected a representative sample of schools/students for whom the servicer provided services related to Return of Title IV Funds and performed all applicable procedures required by Chapter 3, Section C.5 [included below]?

From Chapter 3, Section C.5

C.5.1 Withdrawal Calculations

C.5.1.a For students in the Universe 2 sample selected for compliance testing who withdrew, ascertained if returns of Title IV funds were properly calculated by reviewing R2T4
determinations/calculations for conformity with Title IV program requirements and recalculated?

C.5.2 Returning Title IV Funds and Making Adjustments

C.5.2.a For students in the Universe 2 sample selected for compliance testing who withdrew (not as a result of COVID-19 circumstances, see Footnote 48 and Chapter 3, Section C.5.6); determined whether the school made timely returns of Title IV funds when required:

C.5.2.a.1 Traced the return of Title IV funds to disbursement and other accounting records to verify that returns of Title IV funds were timely (with G5 most returns should be made using the Electronic Return function in G5, although some may still use canceled checks)?

C.5.2.a.2 Ascertained if within 45 days of becoming aware that the student had withdrawn (the date of school’s determination that the student withdrew, as defined in 34 C.F.R. § 668.22(l)), the school made deposits or transfers into the Federal funds account, initiated electronic transfers to lenders, or issued checks?

C.5.2.a.3 For returns by check, examined canceled check endorsements and determined if the payee endorsed the check within the prescribed 60 days?

C.5.2.b For students in the Universe 2 sample selected for compliance testing for which Title IV funds were returned, determined whether the school made appropriate adjustments:

C.5.2.b.1 To the amount of Title IV aid credited to the student’s ledger accounts?

C.5.2.b.2 To the student’s Pell, TEACH grant, and Direct Loan disbursement data in COD?

C.5.2.c For students in the Universe 2 sample selected for compliance testing who withdrew (not as a result of COVID-19-related circumstances, see Footnote 48 and Chapter 3, Section C.5.6), and who were eligible for a post-withdrawal disbursement, (1) ascertained if appropriate notification of the post withdrawal disbursement was given to the student or parent; (2) reviewed evidence of the student or parent’s acceptance or rejection of the post-withdrawal disbursement; and (3) determined if the school followed the student or parent’s instructions regarding the post-withdrawal disbursement?

C.5.3 Allocation of Returns of Title IV Funds

C.5.3.a For students in the Universe 2 sample selected for compliance testing for which Title IV funds were returned, ascertained if the proper sequence was being followed as described in 34 C.F.R. § 668.22(i)?
C.5.4 Notifying Borrowers of Returns of Loan Proceeds

C.5.4.a For students in the Universe 2 sample selected for compliance testing for which Title IV funds were returned, ascertained that the school notified the borrower in writing of the return by reviewing a record evidencing notification to the borrower?

C.5.5 Returns of Title IV Funds if a Student Does Not Begin Attendance

C.5.5.a For students in the Universe 2 sample selected for compliance testing who enrolled but never began attendance during the audit, traced the return of Title IV funds to disbursement and accounting records (including canceled checks to ED and students) to verify that within 30 days of becoming aware that a student will not or has not begun attendance, deposits or transfers in the amount of Title IV funds disbursed to the student that the school owes were made into the Federal funds account, electronic transfers were initiated, or checks were issued?

C.5.6 R2T4 Waiver Qualifications and Reporting

C.5.6.a For students in the Universe 2 sample selected for compliance testing who withdrew but for which Title IV funds were not returned due to the CARES Act R2T4 waivers:

C.5.6.a.1 Reviewed the school’s evidence supporting their determination that the student’s withdrawal was in fact due to issues related to COVID-19 and ascertained if the school has sufficient documentation to support the determination, including whether the determination was based on an appropriately applied blanket R2T4 waiver or a written attestation from the student?

C.5.6.a.2 Obtained the necessary reports from COD and ascertained whether the school added the Coronavirus Indicator to all disbursements that the student received during the payment period(s) in which they withdrew due to COVID-19?

C.5.6.a.3 Obtained the necessary reports from COD and ascertained whether the school used the COD R2T4 calculator to flag the students' record with the R2T4 Coronavirus Indicator, unless the school is using the COD summary level reporting tool?

C.5.2.b For schools not using the COD R2T4 calculator to flag records with the R2T4 Coronavirus Indicator, determined whether the school reported summary-level totals of Title IV funds that were not returned for each Title IV program for the most recently completed award year?

C.6 Cash Management

C.6 Selected a representative sample of schools for which the servicer provided services related to Cash Management and performed all applicable procedures required by Chapter 3, Section C.6 [included below]?
From Chapter 3, Section C.6

C.6.1 Funding Methods

C.6.1.a Identified the school’s funding method and reviewed and evaluated the school’s internal controls for use of its funding method? As applicable, this would include the school’s procedures for forecasting cash needs, requesting funds or reimbursements, disbursing funds within three business days, and managing excess cash.

C.6.1.b Tested Title IV disbursements to ensure they were not used for investments or for school/personal financing activities, as collateral for loans, or for any purposes other than for eligible students?

C.6.1.c With assistance from school personnel who have access to the G5 system, obtained the G5 External Award Activity Report (located under the “Reports” icon, then “payments” tab) for the audit period?

C.6.1.c.1 Determined if net draws are traceable to the accounting records?

C.6.1.d For schools on the Advanced or HCM1 payment methods, from the G5 External Award Activity Report, obtained the draw detail for each Title IV program by selecting the individual award number, then using either a random or haphazard selection technique, tested a sample of cash draws from the audit period and:

C.6.1.d.1 For schools on the Advanced payment method, determined if Title IV funds were credited to student accounts or paid to the borrower within three business days? For funds not disbursed within three business days, determined whether the school’s excess cash tolerances were exceeded; and if so, that excess cash tolerances were eliminated in the next seven days?

C.6.1.d.2 For schools on the HCM1 payment method, determined if school funds were disbursed for the amount of Title IV funds that the student was eligible to receive and for the amount of any credit balance paid to the student, before the Title IV funds were requested from ED?

C.6.1.e For schools on the HCM2 or Reimbursement payment method, using either a random or haphazard selection technique, selected a sample of reimbursement requests submitted to ED for payment during the audit period:

C.6.1.e.1 Determine if school funds had been disbursed for the amount of Title IV funds that the student was eligible to receive and for the amount of any credit balance due, before the reimbursement request was submitted to ED for payment?
C.6.2 Direct Loan Reconciliation

C.6.2.a For schools participating in the Direct Loan program, obtained the monthly School Account Statement and ensured that the school is performing the required monthly reconciliations and resolving discrepancies:

C.6.2.a.1 On a test basis, compared the balances on the School Account Statement to school records? Ensured that the school documented a legitimate reason for the differences, resubmitted corrected disbursement records to COD, or corrected earlier transactions on the G5 system?

C.6.3 Depository Accounts and Interest Earnings

C.6.3.a Ascertained if Title IV funds were maintained in an interest bearing depository account, in accordance with 34 C.F.R. § 668.163(a) and (c)(1)?

C.6.3.b Ascertained if Title IV depository accounts earned interest:

C.6.3.b.1 If so, determined the amount earned during the award year ending during the audit period?

C.6.3.b.2 If earnings were greater than $500, reviewed evidence, such as a canceled check or record of electronic payment to the Department of Health and Human Services, of the return of the earnings greater than $500 to the Department of Health and Human Services, in accordance with 34 C.F.R. § 668.163(c)(3)?

C.7 Perkins Loan Program

C.7 Selected a representative sample of schools for which the servicer provided services related to the Perkins Loan Program and performed all applicable procedures required by Chapter 3, Section C.7 [included below]?

From Chapter 3, Section C.7

C.7.1 Recordkeeping and Record Retention

C.7.1.a Through inquiry and observation, evaluated the school’s Perkins loan paper records storage location and whether it is in a locked, fireproof container?

C.7.1.b For a sample of borrowers with open loans or loans retired or reassigned during the audit period, verified that original promissory notes and/or master promissory notes, repayment records, cancellation and deferment requests, and if applicable, disbursement and electronic authentication records, are being properly maintained?
C.7.2 Liquidation

C.7.2.a If the school voluntarily withdraws from the Perkins program or is no longer eligible to participate in the Perkins program, (1) determined if the school liquidated its Perkins Loan portfolio and program fund by following the liquidation steps, in accordance with the Federal Perkins Loan Program Assignment and Liquidation Guide and (2) determined if the school received an official letter of completion from ED?

C.8 Administrative Requirements

C.8 Selected a representative sample of schools for which the servicer provided services related to Administrative Requirements and performed all applicable procedures required by Chapter 3, Section C.8 [included below]?

From Chapter 3, Section C.8

C.8.1 Written Policies and Procedures

C.8.1.a Obtained and reviewed the school’s written procedures or written information indicating the responsibilities of the various offices:

C.8.1.a.1 Confirmed that the procedures or information cover the approval, disbursement, and delivery of Title IV funds, and the preparation and submission of reports to ED?

C.8.1.a.2 Compared those written procedures or written information to how activities are actually performed based on the conduct of audit work pursuant to this Guide and reported any differences between the written procedures and information and actual performance?

C.8.1.b Obtained the school’s written policies and procedures for verifying an applicant’s FAFSA information and ascertained if they comply with 34 C.F.R. § 668.53?

C.8.1.c If the school grants LOAs for temporary interruptions in study instead of counting such interruptions as withdrawals, obtained the school’s LOA policy and ascertained if it complies with 34 C.F.R. § 668.22(d)(3)(iii)?

C.8.1.d Obtained the school’s standards for measuring whether eligible students are maintaining satisfactory academic progress in their education program and ascertained if they comply with 34 C.F.R. § 668.34?
C.8.2 Change in Ownership

C.8.2.a Determined if the school underwent a change in ownership that resulted in a change in control, and if so, obtained and inspected the school’s notification to ED and (1) determined if the notice was accurate and whether ED was notified within 10 business days after the change in ownership, (2) determined if the school submitted to ED proof that its accreditation is continued under the new ownership or control and a photocopy of its state legal authorization under the new ownership?

C.8.3 Reporting Possible Illegal Conduct

C.8.3.b If during the conduct of the compliance examination engagement, evidence of criminal misconduct known to an official of the school came to the auditor’s attention, reviewed evidence to determine if the required reporting was made to ED OIG’s Investigation Services?

C.8.3.c "If during the compliance examination engagement evidence of unreported criminal misconduct came to the auditor’s attention, the auditor reported the matter to ED OIG’s Investigation Services as discussed in Chapter 1, Section H.2?"

C.8.4 Annual Security and Fire Safety Reports

C.8.4.a Obtained documentation to determine if the school submitted the required crime statistics for the three most recent calendar years for which there is available data to ED via the web during the audit (or viewed on Campus Safety and Security Data website)?

C.8.4.b For each campus, obtained and inspected the Annual Security Report:

C.8.4.b.1 Ascertained if each report contains all crime statistics required by 34 C.F.R § 668.46(c) and all policy statements required by 34 C.F.R § 668.46(b)?

C.8.4.b.2 Determined whether the school’s statement of policy regarding emergency response and evacuation procedures met the requirements of 34 C.F.R. § 668.46(g)?

C.8.4.b.3 Determined whether the school’s statement of policy regarding the school’s programs prevent dating violence, domestic violence, sexual assault, and stalking met the requirements of 34 C.F.R. § 668.46(j)?

C.8.4.b.4 Determined whether the school’s statement of policy addressing procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, or stalking met the requirements of 34 C.F.R. § 668.46(k)?

C.8.4.b.5 On a test basis, traced and verified the compilation of crime statistics reported in the Annual Security Report for the most recent calendar year to source documents?

C.8.4.b.6 If no crimes are reported in the Annual Security Report for the most recent calendar year, obtained evidence that the school made a reasonable, good-faith effort to obtain
statistics for crimes and confirmed that either (1) no crime was reported to local police agencies or to campus security authority or (2) the policy agency failed to respond to such reasonable, good-faith effort?

C.8.4.c If the school had on-campus student housing facilities:

C.8.4.c.1 Obtained documentation to determine if the school submitted the Annual Fire Safety Report to ED via the web?

C.8.4.c.2 Ascertained if the Fire Safety Report contains all required information as described in 34 C.F.R. § 668.49(b)?

C.8.4.c.3 On a test basis, traced and verified the compilation of fire safety statistics reported in the Fire Safety Report for the most recent calendar year to source documents?

C.8.4.c.4 Determined whether the statement of policy regarding missing student notification procedures in its Annual Security Report met the requirements of 34 C.F.R. § 668.46(h)?

C.8.4.d Ascertained the method used to distribute the report to enrolled students and employees or to notify them of the report’s availability during the audit period:

C.8.4.d.1 Determined whether the distribution or notification was done by October 1?

C.8.4.d.2 If reports were provided via direct mail, determined whether the mailings were through the U.S. Postal Service, campus mail, or electronic mail?

C.8.4.d.3 If the reports were included in publications, determined whether the publications were provided directly to each individual?

C.8.4.d.4 If the reports were made available through the Internet or intranet websites, determined whether the school provided notice to the enrolled students and current employees that included: (1) a statement of the report’s availability, (2) the exact electronic address at which the reports are posted, (3) a brief description of their contents, and (4) a statement that the school will provide a paper copy of the reports upon request?

C.8.5 Completion, Graduation, and Transfer-Out Rates

C.8.5.a Obtained documentation to determine if the school submitted the completion or graduation rates and, if applicable, transfer-out rates to ED via IPEDS during the audit period?

C.8.5.b Review the school’s support for the rates submitted during the audit period and determine if the rates were calculated in accordance with the requirements at 34 C.F.R. § 668.45:

C.8.5.b.1 On a test basis, traced and verified the reported rates to source documents?
C.8.5.b.2 Determined if (1) the rates were based on the appropriate cohort of students and that entering students were counted appropriately, based on whether the school offers a predominate number of its programs based on semesters, trimesters, or quarters; (2) completed, graduated, and transferred-out students were counted appropriately; and (3) students were only excluded from the calculation when they met the requirements for exclusion?

C.8.6 Gramm-Leach-Bliley Act Safeguards Rule

C.8.6.a Verified that the school has designated an individual to oversee, implement, and enforce its information security program?

C.8.6.b If the designated individual is employed by a servicer, determined whether the school:

C.8.6.b.1 Retains responsibility for compliance with the Safeguards Rule;

C.8.6.b.2 Designates a senior member of the school’s personnel responsible for direction and oversight of the individual; and

C.8.6.b.3 Requires the servicer maintain an information security program that protects the school in accordance with the requirements of the Safeguards Rule?

C.8.6.c Verified that the school has a written information security program and that the written information security program addresses the following elements:

C.8.6.c Element 2: Provides for the information security program to be based on a risk assessment that identifies reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction, or other compromise of such information, and assesses the sufficiency of any safeguards in place to control these risks (16 C.F.R. 314.4(b))?

C.8.6.c Element 3: Provides for the design and implementation of safeguards to control the risks the school or servicer identifies through its risk assessment (16 C.F.R. 314.4(c)). At a minimum, the written information security program must address the implementation of the minimum safeguards identified in 16 C.F.R. 314.4(c)(1) through (8)?

C.8.6.c Element 4: Provides for the school or servicer to regularly test or otherwise monitor the effectiveness of the safeguards it has implemented (16 C.F.R. 314.4(d))?

C.8.6.c Element 5: Provides for the implementation of policies and procedures to ensure that personnel are able to enact the information security program (16 C.F.R. 314.4(e))?

C.8.6.c Element 6: Addresses how the school or servicer will oversee its information system service providers (16 C.F.R. 314.4(f))? 
C.8.6.c Element 7: Provides for the evaluation and adjustment of its information security program in light of the results of the required testing and monitoring; any material changes to its operations or business arrangements; the results of the required risk assessments; or any other circumstances that it knows or has reason to know may have a material impact the information security program (16 C.F.R. 314.4(g))? 

C.9 Zone Alternative

C.9 Selected a representative sample of schools for which the servicer provided services related to Zone Alternative and performed all applicable procedures required by Chapter 3, Section C.9 [included below]?

From Chapter 3, Section C.9

C.9.1 Zone Alternative

C.9.1.a If the school is participating under the Zone Alternative, obtained a written representation from management as to whether any of the events specified at 34 C.F.R. § 668.175(d)(2)(ii) occurred and, if so, whether management notified ED within 10 days in the required manner?

C.9.1.b Reviewed accounting records for evidence of (a) any contingent liabilities for the fiscal year being audited having been realized or (b) any losses that are unusual in nature and/or infrequently occurring?

C.9.1.c If the auditor determined that any of the events specified at 34 C.F.R. § 668.175(d)(2)(ii) occurred, reviewed evidence of the school’s notification to ED within 10 days of the event?

C.10 Closeout

C.10 For all schools for which the servicer provided services related to Closeout due to the school losing eligibility, ceasing to provide educational instruction, or discontinuing participation in all Title IV programs during the examination period, performed all applicable procedures required by Chapter 3, Section C.10 [included below]?

From Chapter 3, Section C.10

C.10.1 End of Participation Requirements

C.10.1.a If the school ceases to be eligible due to failing to meet statutory or regulatory requirements, obtained and inspected the school's notification to ED and determined if ED was notified within 30 days?

C.10.1.b Verified that the school informed ED of the arrangements that the school has made for the proper retention and storage, for a minimum of three years, of all records
concerning the administration of that program? Reported the storage location of Title IV records on the School Information Sheet?

C.10.1.c "Verified that the school informed ED of (1) the arrangements that the school has made for the proper retention and storage of all records concerning the administration of the Title IV program, and (2) how the school will provide for the collection of any outstanding Federal loans."

C.10.1.d Unless the school closes or stops providing educational programs for a normal vacation period or a natural disaster that directly affects the school or its students, verified that the school:

C.10.1.d.1 Returned to ED, or otherwise disposed of per instructions from ED, any unexpended Title IV funds that the school has received for attendance at the school, less any applicable administrative allowance?

C.10.2. Disbursements and Transitional Operation After Participation Ends

C.10.2.a Reviewed the school’s books of account and student ledger cards to identify whether any Title IV disbursements were made after the school ceased participating in the programs?

C.10.2.b If funds were disbursed after the school ceased participating in the Title IV programs, ascertained if disbursements were for commitments that met the regulatory requirements in 34 C.F.R. § 668.26(d) by determining whether:

C.10.2.b.1 The school’s participation ended during a payment period/period of enrollment and the commitment was made for attendance during that payment period/period of enrollment or a previously completed payment period?

C.10.2.b.2 The school continues to provide educational programs to otherwise eligible students enrolled in the formerly eligible programs of the school?

C.10.2.b.3 The commitment, or the first disbursement of the loan in the case of a Direct Loan, was made prior to the end of the participation?

C.10.2.c If the school originated, awarded, or disbursed Title IV funds after the school lost accreditation or State authorization or was notified of ED’s decision to end the school’s participation, ascertained if it met the regulatory requirements in 34 C.F.R. § 668.26(e) by obtaining documentation to support whether the school:

C.10.2.c.1 Has received the necessary agreement from its accrediting agency and State?

C.10.2.c.2 Has notified ED of its plans to conduct an orderly closure in compliance with requirements of its accrediting agency, including performing an approved teach-out?
C.10.2.c.3 Originated, awarded, or disbursed funds only to enrolled students who could complete the program within 120 days of the decision or who could transfer to a new school?

C.10.2.c.4 Gives ED acceptable written assurances on the health and safety of its students, the adequacy of its financial resources, and whether it is subject to probation or adverse action by its accrediting agency or State?

C.11 Servicer Eligibility and Contracts

C.11.a Obtained and reviewed the servicer’s two most recent compliance examination engagement reports and ascertained if the servicer had to repay any amount exceeding five percent of the funds administered during the applicable examination period?

C.11.c Selected a representative sample of the servicer’s contracts and reviewed for compliance with the servicer contract requirements in 34 C.F.R. § 668.25(c) concerning compliance, referrals, returning records, confirming eligibility, returning unexpended funds, and liability?