

**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**  
College Federal Compliance Audit Procedures Findings Summary  
Fiscal Year 2014-2015

**Attachment AUD 8**

<b>Findings</b>	<b>Recommendation</b>	<b>Response</b>	
Caldwell Community College and Technical Institute	The College did not timely report changes to the enrollment status of students that received federal student financial aid to the National Student Loan Data System (NSLDS).	The College should work with the National Student Clearinghouse and revise its procedures as necessary to ensure required student enrollment changes are reported timely and accurately to the Department of Education.	The College is currently working with the National Student Clearinghouse to develop procedures to ensure that enrollment changes reported by the College to the Clearinghouse are then reported to the Department of Education. The College is also soliciting input from other colleges in the system who have experienced similar problems. Final procedures will be developed and implemented by the Director of Enrollment Management and the Director of Financial Aid. The college plans to implement a solution prior to the end of March.
Craven Community College	The College did not include students that unofficially withdrew from school in their calculation of funds required to be returned to the Title IV program.	The College should design and implement effective procedures to ensure that unofficial student withdrawals are included in the calculations for returns of Title IV program funds. Further, improvements in procedures should be made to ensure the returns are complete and accurate and returned on a timely basis in accordance with federal compliance requirements.	The Director of Financial Aid has revised a report which shows final grades of "F" or "U" to include all classes throughout the terms, not just the beginning and ending dates. A column has been added in the informer report to show the class start date to ensure accuracy of classes. A second report is run to look at students who received a "0" GPA. This is a secondary measure to ensure the accuracy of the report and to make sure we are in compliance with the federal regulation regarding the Return of Title IV aid for students who do not complete at least 60% of the semester. This report was rerun to identify any additional students for the 2014-2015 year. Unearned aid was returned to the Department of Education.
	The College did not report enrollment status changes for students who received federal student aid to the National Student Loan Data System (NSLDS) as required.	The College should implement procedures to ensure required student enrollment changes are reported timely and accurately to the Department of Education.	When running the monthly enrollment report, the census date has been corrected to reflect the current date the report is run, not the census date which was previously used. As an accuracy check, another report is run to show withdrawals for students since the last date the Clearinghouse report was run. This data is used to make sure that the changed enrollments are included in the report sent to the Clearinghouse. Once the Clearinghouse processes the information and sends the data to NSLDS, the Director of Financial Aid will also do periodic checks in NSLDS to make sure the students are reported correctly. The Registrar's office is currently conducting daily grade verification updates to ensure that each student's enrollment status is current.

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Durham Technical Community College	The College disbursed federal funds to ineligible students.	College review current accounting policies and controls to ensure the proper recording and cutoff of accounts payable at year end.
		The College has begun work to strengthen its internal controls over year-end financial reporting processes and reviews. The College is implementing control procedures including verification of completeness and cross checking for duplicates in the accounts payable general ledger account along with proper review of the process. Training has occurred and will continue with increased focus ensuring the financial statements and notes are complete and accurate.
	The College had incorrect amounts returned for students who withdrew from the College and funds that were returned were not timely;	The College should continue to identify and process return of Title IV funds, ensuring accurate calculations of unearned aid and timely return of funds.
		Durham Tech concurs with the finding that the College incorrectly calculated how much money to return for some students withdrawing from the College and that calculations/returns were not completed timely. As stated in the finding, the College had significant turnover in our financial aid staff and the new Director found that that Return of Title IV calculations were not being done and had not been done for the last year. Once the Director became aware of this, the new staff used the Colleague system to perform the R2T4 calculations. However, some of the calculations were not done properly because the previous staff did not always keep the student records in Colleague up to date and correct. Once they became aware of this problem new procedures were put into place.
	The College did not provide the required notices to students who received loan funds, including the loan amount and the student's right to cancel.	The College should provide the financial aid staff with specific training to ensure they are aware of all requirements for administering federal programs. Additionally, the College should monitor to ensure that required notifications are provided to students.
		The College concurs with the finding that students receiving loans were not provided notifications detailing the loan amount and their right to cancel the loan. Beginning with the 2016 spring term, the College provides notifications to students receiving loans within the required timeframe, no earlier than 30 days before, and no later than 30 days after, each loan disbursement is made to a student's account. The financial aid office has created a document using the X.CS.LOAN.DET field to merge the loan data into it, that will be delivered to students electronically( via email) to inform them of their right to cancel all or a portion of their loan and to request that Durham Tech return the loan proceeds to the holder of the loan.

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Findings	Recommendation	Response
Durham Technical Community College (continued)	The College did not timely report enrollment status changes for students who received federal student aid to the National Student Loan Data System (NSLDS).	The College should monitor submissions of student enrollment status changes to the Clearinghouse to ensure they are submitted timely to the NSLDS.
		<p>Durham Tech concurs with the finding that the college did not timely report enrollment status changes for students who received federal assistance to the National Student Loan Data System (NSLDS). The College has determined that these reporting issues occurred for several different reasons, some of which the college was already aware of, and have already taken action upon. The College has or will take the following actions to correct the issues:</p> <ul style="list-style-type: none"> <li>• In January, 2016, the College placed a greater emphasis on data reporting to the National Student Clearinghouse. The duties of the reporting to the National Student Clearinghouse were reassigned to the Data Coordinator as one of her primary responsibilities, from the Student Information Specialist, where this task was just one additional responsibility. The Data Coordinator is better trained to correct errors as shown on the preliminary report and the monthly reports should be cleaner. Cleaner reports should enable the Clearinghouse to get data to NSDLS quicker.</li> <li>• The College will add a step to the weekly R2T4 process, whereas once the R2T4 list of students is generated, any student receiving a loan and dropping all their courses will be identified and will be individually entered into the National Student Loan Data system by one of the Financial Aid counselors.</li> <li>• In addition, once the weekly R2T4 list is generated, a listing of the students that are identified as withdrawing will be sent to the Director of Student Information and Records who will update each R2T4 student's enrollment status in the National Student Clearinghouse.</li> </ul>

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	<b>Findings</b>	<b>Recommendation</b>	<b>Response</b>
Durham Technical Community College (continued)	The College did not report disbursement data timely to the Department of Education or perform the necessary reconciliation to prevent omissions or late reporting.	The College should review the rules/parameters in Colleague used to identify and report disbursement data to the federal Department of Education. Additionally, the College should provide adequate staff and training to perform necessary reconciliations between the College's records and the Department of Education's records.	Durham Tech concurs with the finding that the College did not report disbursement data for Pell and Direct Loan recipients to the federal Department of Education nor did the College perform necessary reconciliations during the audit period. The College was aware of these issues and realized the critical need for compliance with federal regulations, but it took time to hire new staff, identify all the different issues that the new staff was facing, catch up with the daily activities of processing student applications, training the new staff, and developing new procedures. Once all those things were completed, the College implemented new procedures to ensure that disbursement data is reported timely to the Department of Education and that monthly reconciliations are completed for fiscal year 2015-16.