

# **Case Study – Compliance Risk Assessment**

## **Community College XYZ**

### **Overview**

This case study describes the flow of a Top-Down, Risk-Based Approach for example Community College XYZ. Within this case study, we have an example of an internal control weakness noted during testing (page 16). This case study is not all-inclusive and is to be used for informational purposes only.

**Case Study – Compliance Risk Assessment**  
**Community College XYZ**  
**Materiality & Program/Grant Risk**

**NORTH CAROLINA OFFICE OF THE STATE CONTROLLER**  
**Single Audit Reporting Package**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2012**

Agency No.		Preparer	J. Doe
Agency Name	Community College XYZ	Phone	919-555-5555

**CFDA Programs :**

<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u> Program Cluster	<u>(6)</u> Enter Whole Dollars Only		<u>(7)</u>	<u>(8)</u>	<u>(9)</u> Identifying Number	<u>(10)</u>
Federal Agency Number	Federal CFDA Number	Direct/ Indirect (D / I)	ARRA Funds (Y / N)	Enter "NC" if no assigned cluster	Total Federal Awards Expended	Amount Provided to Subrecipients	Pass-Through Entity Name (If Indirect)	Assigned by Pass-Through Entity (If Indirect)	CFDA (Program) Title as listed in the Catalog of Federal Domestic Assistance <a href="https://www.cfda.gov/">https://www.cfda.gov/</a>	
84	84.007	D	N	SFAC	41,171	0			Federal Supplemental Educational Opportunities	
84	84.033	D	N	SFAC	82,481	0			Federal Work-Study Program	
84	84.042	D	N	TRIO	212,645	0			TRIO-Student Support Services	
84	84.044	D	N	TRIO	148,892	0			TRIO-Talent Search	
84	84.047	D	N	TRIO	137,238	0			TRIO-Upward Bound	
84	84.063	D	N	SFAC	2,753,757	0			Federal Pell Grant Program	
84	84.268	D	N	SFAC	620,359	0			Federal Direct Student Loans	
					3,996,543	0				
					Total					

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Materiality & Program/Grant Risk

Legend	
	Auto Calculating Field
	User Entry Field
	Copy from SEFA

Materiality Threshold	
≤ 10%	Low=1
10% > < 50%	Moderate=2
≥ 50%	High=3

Prepared by:	T. Smith
Reviewed by:	J. Doe

Materiality			Program/Grant Risk Assessment					
Federal CFDA Number	CFDA Program Title	Total Federal Awards Expended as of 2011	Materiality	Size and Composition	Program/Grant Complexity	Inherent Risk	Total Score	Stop or Continue to Requirement Risk
84.007	Federal Supplemental Educational Opportunities	41,171	Low	1	2	1	4	Stop
84.033	Federal Work-Study Program	82,481	Low	1	1	1	3	Stop
84.042	TRIO-Student Support Services	212,645	Low	1	1	1	3	Stop
84.044	TRIO-Talent Search	148,892	Low	1	1	1	3	Stop
84.047	TRIO-Upward Bound	137,238	Low	1	1	1	3	Stop
84.063	Federal Pell Grant Program	2,753,757	High	3	3	2	8	Continue
84.268	Federal Direct Student Loans	620,359	Moderate	2	2	2	6	Continue
<b>Total</b>		\$ 3,996,543						

To rate each program/grant above, enter a 1 for Low, 2 for Moderate or 3 for High.

**Note: Risk ratings are for example purposes only.**

High and Moderate risk programs/grants will move forward to the Requirement Risk Assessment.

Low	Total Score of 5 or less.
Moderate	Total Score of 6.
High	Total Score of 7 or greater.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Requirement Risk

Legend	
	Auto Calculating Field
	User Entry Field
	Copy from Materiality & Program/Grant Risk Assessment
	Refer to Tab "Circular A-133".

Prepared by:	T. Smith
Reviewed by:	J. Doe

Federal CFDA Number or Cluster	CFDA Program Title	Program/Grant Risk Rating (High or Moderate)	Types of Compliance Requirements	A-133 Requirement (Yes or No)	Stop or Continue	Size and Composition	Complexity of Requirement	Susceptibility Due to Error / Fraud	Total Score	Stop or Continue to Compliance Narrative
SFA	Student Financial Assistance Cluster includes the following programs: Pell Grant; Direct Student Loans; etc.	High	Activities Allowed or Unallowed	Yes	Continue	3	1	1	5	Stop
			Allowable Costs/Cost Principles	No	Stop				0	Stop
			Cash Management	Yes	Continue	3	1	1	5	Stop
			Davis-Bacon Act	No	Stop				0	Stop
			Eligibility	Yes	Continue	3	3	2	8	Continue
			Equipment and Real Property Management	No	Stop				0	Stop
			Matching, Level of Effort, Earmarking*	No	Stop				0	Stop
			Period of Availability of Federal Funds*	No	Stop				0	Stop
			Procurement and Suspension and Debarment*	No	Stop				0	Stop
			Program Income*	No	Stop				0	Stop
			Real Property Acquisition/Relocation Assist.	No	Stop				0	Stop
			Reporting	Yes	Continue	3	2	1	6	Continue
			Subrecipient Monitoring	No	Stop				0	Stop
			Special Tests and Provisions	Yes	Continue	3	2	3	8	Continue
Special Tests and Provisions (ARRA)	No	Stop				0	Stop			

To rate each program/grant above enter a 1 for Low, 2 for Moderate or 3 for High. The Requirement Risk Assessment should be completed for all programs/grants with a total score of High or Moderate on the Materiality & Program/Grant Risk Assessment.

**Note: Risk ratings are for example purposes only. The Requirement Risk Assessment should also be completed for the Federal Direct Student Loans programs.**

Low	Total Score of 5 or less.
Moderate	Total Score of 6.
High	Total Score of 7 or greater.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Student Financial Assistance Cluster Special Tests Risk

Legend	
	Auto Calculating Field
	User Entry Field
	Copy from Requirement Risk Assessment.
	Refer to Notes below.

Prepared by:	T. Smith
Reviewed by:	J. Doe

Federal CFDA Number	CFDA Program Title	Requirement Risk Rating (High or Moderate)	Special Tests and Provisions	Applicable (Yes or No)	Stop or Continue	Complexity of Requirement	Susceptibility Due to Error / Fraud	Total Score	Stop or Continue to Compliance Narrative
84.063	Federal Pell Grant Program	High	1) Separate Funds	No	Stop			0	Stop
			2) Verification	Yes	Continue	1	1	2	Stop
			3) Disbursements to or on Behalf of Students	Yes	Continue	3	2	5	Continue
			4) Return of Title IV Funds	Yes	Continue	3	3	6	Continue
			5) Student Status Changes	No	Stop			0	Stop
			6) Student Loan Repayments	No	Stop			0	Stop
			7) Federal Work-Study Agreements	No	Stop			0	Stop
			8) Borrower Data Transmission and Reconciliation	No	Stop			0	Stop
			9) Institutional Eligibility	Yes	Continue	1	1	2	Stop
			10) Zone Alternative	No	Stop			0	Stop
			11) Written Arrangements with Another Institution, Consortium, or Organization to Provide Educational Programs	Yes	Continue	1	1	2	Stop
			12) Denying Students' Access to Lenders and Guaranty Agencies of Their Choice	No	Stop			0	Stop
			13) Short Term Programs at Postsecondary Vocational Institutions	No	Stop			0	Stop

To rate each Student Financial Assistance special test compliance requirement above, enter a 1 for Low, 2 for Moderate or 3 for High. The Special Tests Risk Assessment should be completed for all Student Financial Assistance programs/grants with a Special Tests and Provisions total score of High or Moderate on the Requirement Risk Assessment.

**Note: Risk ratings are for example purposes only. The Special Tests Risk Assessment should also be completed for the Federal Direct Student Loans program.**

Low	Total Score of 2.
Moderate	Total Score of 3 or 4.
High	Total Score of 5 or 6.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Narrative

<b>CFDA Program Title(s) or Cluster:</b>	Student Financial Assistance (SFA) – Pell Grant
<b>CFDA #(s):</b>	84.063
<b>Compliance Requirement:</b>	Eligibility
<b>Requirement Risk Rating:</b>	High
<b>Supporting System(s) / Application(s):</b>	Colleague applications; Federal Central Processing System (CPS)

This document provides a description of the controls in place for the above CFDA Program(s) as of FYE 6/30/2013. Internal controls are *Italicized*, Critical Controls are **Bolded** and control weaknesses are underlined.

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<b>Source(s):</b>	2011-2012 Federal Student Aid Handbook; Financial Aid Office personnel
<b>Prepared by:</b>	Financial Aid Office personnel
<b>Interview Date:</b>	January 10, 2013

### Eligibility Determination

For Title IV programs, students electronically complete the Free Application for Federal Student Aid (FAFSA). The FAFSA is sent to a central processor who administers the Central Processing System (CPS). The central processor provides Student Aid Reports (SARs) to applicants and provides Institutional Student Information Records (ISIRs) to the college.

### **The Financial Aid Office verifies information submitted on the FAFSA for students selected by the Department of Education. The College has a published verification policy. (E1)**

Documentation used during the verification includes tax records, credit reports, etc. Any conflicting information about the student regarding academic qualifications, citizenship, or financial aid history is resolved before disbursing FSA funds.

Academic Qualifications - A student may self-certify on the FAFSA that he has received a high school diploma or GED or that he has completed secondary school through homeschooling as defined by state law.

Citizenship - A student must be a citizen or eligible noncitizen to receive aid from the FSA programs.

Financial Aid History - Any student applying for FSA funds must certify that he isn't in default on any FSA loan and doesn't owe an overpayment on any FSA grant, or that he has made satisfactory arrangements to repay the overpayment or default.

Enrollment Status - The College documents a student's enrollment in an eligible program at the time of admission. The Financial Aid Office is notified by the Registrar's Office by email if the student leaves the program. *Additionally, the Financial Aid Office runs an enrollment status report each semester for all students. (E2)*

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Narrative (continued)

Satisfactory academic progress (SAP) - To be eligible for FSA funds, a student must make satisfactory academic progress. *The College has a published policy which explains the qualitative (grade-based) and quantitative (time-related) standards used to check SAP. (E3)* The policy applies to all educational programs and all students.

**To determine if a student is meeting the minimum eligibility requirements for receiving financial aid, each semester the Financial Aid Office will review student transcripts and verify current enrollment using registration reports. This review is documented and maintained in the student's financial aid file. (E4)**

The first semester a student is not meeting the requirements, he is sent a warning letter. If the student is still not meeting the requirements the next semester, he is put on financial aid suspension, meaning all financial aid is terminated until the requirements for eligibility are met. **Students who fail to meet the SAP requirements are automatic flagged in Datatel. (E5)** As a result of the flag, financial aid will not transmit to the students' account when FATR/FATP (Financial Aid Transmittal Report or Posting) is run by the Business Office.

### Calculation of Benefits

The determination of SFA award amounts is based on financial need. Financial need is generally defined as the student's cost of attendance (COA) minus financial resources reasonably available. The COA includes tuition and fees, books and supplies. *The Financial Aid Office uses the Tuition and Fees Schedule to determine the COA for each student. (E6)*

The student's Expected Family Contribution (EFC) also impacts the award amount. The EFC is computed by the central processor and included on the student's SAR and the ISIR provided to the institution.

Each year, based on the maximum Pell grant established by Congress, ED provides to institutions Payment and Disbursement Schedules for determining Pell awards. The Payment or Disbursement Schedule provides the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC and COA. The Payment Schedule is used to determine the annual award for a full-time student. There are separate Disbursement Schedules for three-quarter time, half-time, and less-than-half-time students. *Based on the COA, the Financial Aid Office uses the Payment and Disbursement Schedule to determine the total Pell award for each student. (E7)* **The Pell amount is reviewed for reasonableness (E8)** and communicated to the student through an award letter signed by the Director of Financial Aid. *Documentation supporting the benefit calculation and a copy of the award letter is maintained in the student's financial aid file. (E9)*

# **Case Study – Compliance Risk Assessment**

## **Community College XYZ**

### **Narrative (continued)**

*Note: Label all your controls with a control reference number in the above narrative. This control reference number will be cross-referenced throughout the remainder of the templates.*

*A critical control is a control that will prevent or detect an error in the event that all other controls fail. If there isn't a critical control in the process you may need to test all the controls in your narrative. If the critical control encompasses the prior controls you will only need to test the critical control and not the individual control.*

*Refer to the Guidance Manual and/or Case Studies for an example of how to complete the narrative template. The narrative should be for the procedures in place at the end of the current fiscal year. If your College's procedures are changing during the fiscal year, document the new procedures that will be in effect at the end of the current fiscal year, rather than the old procedures.*

*Narratives should also be written for Pell Reporting, Disbursements to or on behalf of students, and Return of Title IV funds compliance requirements as well as all Federal Direct Student Loan high and moderate compliance requirements. These narratives were intentionally omitted from the Case Study.*

# Case Study – Compliance Risk Assessment

## Community College XYZ Walkthrough

<b>CFDA Program Title(s) or Cluster:</b>	Student Financial Assistance (SFA) – Pell Grant
<b>CFDA #(s):</b>	84.063
<b>Compliance Requirement:</b>	Eligibility
<b>Requirement Risk Rating:</b>	High
<b>Supporting System(s)/Application(s):</b>	Colleague applications; Federal Central Processing System (CPS)

This walkthrough assists in documenting our understanding of the design of controls. We are documenting the procedures performed, evidence obtained and conclusions as to the effective design of the underlying controls and whether the controls have been implemented. We will select a transaction that has occurred within the current Fiscal Year and walk through all controls listed on the narrative template (template 02).

*Walkthroughs should be performed by someone who is not ordinarily involved in the process, and if possible, should be performed when the process occurs. A walkthrough should be performed for all controls identified in the narrative, both critical and non-critical.*

<b>Control Owner's Title:</b>	Financial Aid Officer
<b>Date of Walkthrough/Interview:</b>	January 13, 2013
<b>Walkthrough Performed by:</b>	C. Jones

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**Control Description and Control Reference #:** *The Financial Aid Office verifies information submitted on the FAFSA for students selected by the Department of Education. The College has a published verification policy. (E1)*

**Transaction Selection:** Student PID# 0012345

**Procedures to Perform:** Review the verification policy. Confirm that FAFSA information was verified for selected student.

**Results:** We reviewed the College's verification policy posted on the external website. We then obtained a list of students selected by ED for verification. The file for student 0012345 contained copies of tax documents, his social security card and high school diploma.

**Conclusion:** Control E1 appeared to be in place and operating effectively at the time of the walkthrough.

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**Control Description and Control Reference #:** *Additionally, the Financial Aid Office runs an enrollment status report each semester for all students. (E2)*

**Transaction Selection:** Student PID# 0012345

**Procedures to Perform:** We will verify that the College ran an enrollment status report for each semester.

**Results:** We reviewed the Fall and Spring enrollment status reports. Student 0012345 was included on both reports. The reports showed that the student was enrolled in an eligible program.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Walkthrough (continued)

**Conclusion:** Control E2 appeared to be in place and operating effectively at the time of the walkthrough.

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**Control Description and Control Reference #:** *The College has a published policy which explains the qualitative (grade-based) and quantitative (time-related) standards used to check SAP. (E3)*

**Transaction Selection:** N/A

**Procedures to Perform:** Review the Satisfactory Academic Progress (SAP) policy.

**Results:** We reviewed the College's verification policy posted on the external website which explains the grade-based and time-related standards.

**Conclusion:** Control E3 appeared to be in place and operating effectively at the time of the walkthrough. Additional testing of this control is not considered necessary.

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**Control Description and Control Reference #:** **To determine if a student is meeting the minimum eligibility requirements for receiving financial aid, each semester the Financial Aid Office will review student transcripts and registration reports to verify SAP and current enrollment. This review is documented and maintained in the student's financial aid file. (E4)**

**Transaction Selection:** Student PID# 0012345

**Procedures to Perform:** We will review the student financial aid file to determine if student transcripts and registration reports were reviewed.

**Results:** We reviewed the financial aid file for student 0012345. The file included documentation of the Financial Aid Officer's review of the student's transcripts. The registration report was also reviewed to verify that the student is enrolled in an eligible program. The Financial Aid Officer determined that this student is currently meeting the requirements for receiving financial aid.

**Conclusion:** Control E4 appeared to be in place and operating effectively at the time of the walkthrough.

*Note: This walkthrough will assist you when the test of controls is performed. During the walkthrough, if a control does not appear to be in place for the item selected, look at a few additional items to determine if the error noted for the first item was an isolated incident. If the issue is recurring, it is not necessary to document a test plan and perform testing. The issue should be added to the Issue Summary Log.*

*Refer to the Guidance Manual and/or Case Studies for an example of how to complete the walkthrough template.*

*A walkthrough should be performed on all Pell and Federal Direct Student Loans controls. These were intentionally omitted from the Case Study.*

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Risk and Control Matrix (RACM)

<b>Document:</b>	Risk and Control Matrix (RACM)
<b>Entity:</b>	Community College XYZ
<b>Reporting Date:</b>	June 30, 2013
<b>CFDA Program Title(s) or Cluster :</b>	Student Financial Assistance Cluster - Pell Grant
<b>CFDA #(s):</b>	84.063
<b>System(s) / Application(s):</b>	Colleague applications; Federal Central Processing System (CPS)

<b>Prepared by:</b>	C. Jones
<b>Reviewed by:</b>	J. Doe

User Entry Field

Compliance Requirement	Requirement Risk Rating	Risks	Control Owner	Control Description	Control Ref. #	Automated, Manual or Both?	Prevent or Detect?	Frequency of Control Activity
Eligibility - Eligibility Determination	High	An ineligible student receives student financial aid.	Financial Aid Officer	The Financial Aid Office verifies information submitted on the FAFSA for students selected by the Department of Education. The College has a published verification policy.	E1	Both	Prevent	Semi-Annual
Eligibility - Eligibility Determination	High	An ineligible student receives student financial aid.	Financial Aid Officer	Each semester the Financial Aid Office will review student transcripts and registration reports to verify SAP and current enrollment. This review is documented and maintained in the student's financial aid file.	E4	Manual	Prevent	Semi-Annual

Note: The RACM should only include the critical controls. A RACM should be completed for all Pell and Federal Direct Student Loans compliance requirements rated high or moderate risk. These were intentionally omitted from the Case Study.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Test Plan

<b>Document:</b>	Test Plan
<b>Entity:</b>	Community College XYZ
<b>Reporting Date:</b>	June 30, 2013
<b>CFDA Program Title(s) or Cluster:</b>	Student Financial Assistance Cluster - Pell Grant
<b>CFDA #(s):</b>	84.063

<b>Prepared by:</b>	C. Jones
<b>Reviewed by:</b>	J. Doe

User Entry Field	Formula Driven Field
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						Complete after testing			
Compliance Requirement(s)	Requirement Risk Rating(s)	Control Description	Control Ref. #	Objective of Test	Test Procedures	Results	Conclusion	Issue Raised?	Testing W/P Ref.
Eligibility - Eligibility Determination	High	The Financial Aid Office verifies information submitted on the FAFSA for students selected by the Department of Education.	E1	To confirm that FAFSA information was verified.	Obtain the financial aid file for a sample of students selected by ED for verification. Confirm that academic qualification, citizenship and financial aid history were verified.	No errors noted.	Controls are effective.	No	Eligibility Test Leadsheet 1
Eligibility - Eligibility Determination	High	Each semester the Financial Aid Office will review student transcripts and registration reports to verify SAP and current enrollment. This review is documented and maintained in the student's financial aid file.	E4	To determined if student transcripts and registration reports were reviewed.	Obtain the financial aid file for a sample of students who received aid during the Fall 2012 and/or Spring 2013 semesters. Verify that student transcripts and registration reports were reviewed and the review was documented.	5 errors noted.	Controls are ineffective.	Yes, Complete Issue Summary Log	Eligibility Test Leadsheet 2

Note: Test Plans should be completed for all Pell and Federal Direct Student Loans compliance requirements rated high or moderate risk. These were intentionally omitted from the Case Study.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Test Leadsheet 1

<b>Document:</b>	Eligibility Test Leadsheet 1
<b>Entity:</b>	Community College XYZ
<b>Reporting Date:</b>	June 30, 2013
<b>CFDA Program Title(s) or Cluster:</b>	Student Financial Assistance-Pell Grant
<b>CFDA #(s):</b>	84.063

<b>Compliance Requirement(s):</b>	Eligibility
<b>Requirement Risk Rating:</b>	High
<b>Control Reference #:</b>	E1

<b>Control Description:</b>	The College verifies information submitted on the FAFSA for students selected by the Department of Education.
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<b>Control Frequency:</b>	Semi-Annual
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<b>Automated, Manual or Both:</b>	Manual
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<b>Prevent or Detect:</b>	Prevent
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<b>Control Owner:</b>	Financial Aid Officer
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<b>Estimated Population:</b>	1685	Financial Aid students enrolled during either the Fall 2012 or Spring 2013 semester
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<b>Sample Selection Methodology:</b>	Random
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<b>Sample Size:</b>	25
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<b>Source Test Documents:</b>	Student financial aid files
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<b>Test Procedures:</b>	Obtain the financial aid file for a sample of students selected by ED for verification. Confirm that academic qualification, citizenship and financial aid history were verified.
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<b>Definition of an Exception:</b>	Documentation does not support verification of the following: 1) Academic qualifications; 2) Citizenship; or 3) Financial aid history.
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<b>Performed by:</b>	C. Jones
<b>Reviewed by:</b>	J. Doe

User Entry Field	Formula Driven Field
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# Case Study – Compliance Risk Assessment

## Community College XYZ

### Test Leadsheet 1 (continued)

Testing Section:		Attributes		
Sample No.	Student PID #	A	B	C
1	0018499	Y	Y	Y
2	0014160	Y	Y	Y
3	0017176	Y	Y	Y
4	0010782	Y	Y	Y
5	0014653	Y	Y	Y
6	0018351	Y	Y	Y
7	0017257	Y	Y	Y
8	0015228	Y	Y	Y
9	0011316	Y	Y	Y
10	0013051	Y	Y	Y
11	0013158	Y	Y	Y
12	0012837	Y	Y	Y
13	0013799	Y	Y	Y
14	0010915	Y	Y	Y
15	0019567	Y	Y	Y
16	0010955	Y	Y	Y
17	0016791	Y	Y	Y
18	0019287	Y	Y	Y
19	0019139	Y	Y	Y
20	0012237	Y	Y	Y
21	0012944	Y	Y	Y
22	0013478	Y	Y	Y
23	0011876	Y	Y	Y
24	0016683	Y	Y	Y
25	0019607	Y	Y	Y
<b>Attributes:</b>	<b>A</b>	Academic qualifications were verified and documented.		
	<b>B</b>	Citizenship was verified and documented.		
	<b>C</b>	Financial aid history was verified and documented.		
<b>Tickmark Legend:</b>	<b>Y</b>	Attribute satisfied without exception.		
	<b>N</b>	Attribute not satisfied.		
<b>Results:</b>	No errors noted.			

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Test Leadsheet 2

<b>Document:</b>	Eligibility Test Leadsheet 2
<b>Entity:</b>	Community College XYZ
<b>Reporting Date:</b>	June 30, 2013
<b>CFDA Program Title(s) or Cluster:</b>	Student Financial Assistance- Pell Grant
<b>CFDA #(s):</b>	84.063
<b>Compliance Requirement(s):</b>	Eligibility
<b>Requirement Risk Rating:</b>	High
<b>Control Reference #:</b>	E4

<b>Performed by:</b>	C. Jones
<b>Reviewed by:</b>	J. Doe

User Entry Field	Formula Driven Field
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<b>Control Description:</b>	Each semester the Financial Aid Office will review student transcripts and registration reports to verify SAP and current enrollment. This review is documented and maintained in the student's financial aid file.	
<b>Control Frequency:</b>	Semi-Annual	
<b>Automated, Manual or Both:</b>	Manual	
<b>Prevent or Detect:</b>	Prevent	
<b>Control Owner:</b>	Financial Aid Officer	
<b>Estimated Population:</b>	1685	
<b>Sample Selection Methodology:</b>	Random	
<b>Sample Size:</b>	40	25 expanded to 40 due to errors.
<b>Source Test Documents:</b>	Student financial aid files	
<b>Test Procedures:</b>	Obtain the financial aid file for a sample of students who received aid during the Fall 2012 and/or Spring 2013 semesters. Verify that student transcripts and registration reports were reviewed and the review was documented.	
<b>Definition of an Exception:</b>	Documentation does not support verification of the following: 1) Current enrollment or 2) Satisfactory academic progress.	

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Test Leadsheet 2 (continued)

Testing Section:		Attributes		
Sample No.	Student PID #	A	B	Comments
1	0018499	Y	Y	
2	0014160	Y	Y	
3	0017176	N	Y	Spring SAP not verified.
4	0010782	Y	Y	
5	0014653	Y	Y	
6	0018351	Y	Y	
7	0017257	Y	Y	
8	0015228	N	Y	Spring SAP not verified.
9	0011316	Y	Y	
10	0013051	Y	Y	
11	0013158	Y	Y	
12	0012837	Y	N	Isolated incident. Not an issue.
13	0013799	Y	Y	
14	0010915	Y	Y	
15	0019567	Y	Y	
16	0010955	Y	Y	
17	0016791	N	Y	Spring SAP not verified.
18	0019287	Y	Y	
19	0019139	Y	Y	
20	0012237	Y	Y	
21	0012944	Y	Y	
22	0013478	Y	Y	
23	0011876	Y	Y	
24	0016683	Y	Y	
25	0019607	Y	Y	
26	0018178	Y	Y	
27	0015121	N	Y	Spring SAP not verified.
28	0011637	Y	Y	
29	0012090	Y	Y	
30	0016042	Y	Y	
31	0011530	Y	Y	
32	0012410	Y	Y	
33	0015081	Y	Y	
34	0017070	Y	Y	
35	0011103	Y	Y	
36	0013692	N	Y	Spring SAP not verified.
37	0011235	Y	Y	
38	0018605	Y	Y	
39	0013839	Y	Y	
40	0018138	Y	Y	
<b>Attributes:</b>	A	Satisfactory Academic Progress was verified by reviewing student transcripts. The verification was documented.		
	B	Current enrollment was verified by reviewing registration reports. The verification was documented.		
<b>Tickmark Legend:</b>	Y	Attribute satisfied without exception.		
	N	Attribute not satisfied.		
<b>Results:</b>	5 errors noted.			

Note: Test Leadsheets should also be completed for all Pell and Federal Direct Student Loans compliance requirements rated high or moderate risk. These were intentionally omitted from the Case Study.

# Case Study – Compliance Risk Assessment

## Community College XYZ

### Issue Summary Log

Prepared by:	C Jones
Reviewed by (ICO and CFO):	J. Doe and W. Allen

**EAGLE Program**  
**Issue Summary Log**  
**Community College XYZ**  
**June 30, 2013**

CFDA Program Title(s) or Cluster	Compliance Requirement	Requirement Risk Rating	Control Description	Control Ref. #	Issue	Risk/ Implication	Recommendation	Management's Response
Student Financial Assistance - Pell Grant	Eligibility - Eligibility Determination	High	To determine if a student is meeting the minimum eligibility requirements for receiving financial aid, each semester the Financial Aid Office will review student transcripts and registration reports to verify SAP and current enrollment. This review is documented and maintained in the student's financial aid file.	E4	SAP is not being consistently verified for both the Fall and Spring semesters.	The college is at risk of awarding financial aid to ineligible students.	The college should ensure that Satisfactory Academic Progress is reviewed each semester. The review should be documented.	We agree with the recommendation. The Financial Aid Office will update their review procedures. In additions, we will implement quality assurance reviews.