

Department of Education
Office of Inspector General – Internal Audit
24 Month Status Report on: State Scholarships
Report # A-1516-029 Issued: April 25, 2017
Status as of July 11, 2019

Finding	Recommendation(s)	Management Response	Management Response as of July 11, 2019	Anticipated Completion Date & Contact
<p>OSFA did not ensure disbursed refunds were returned in a timely manner</p>	<p>We recommend that OSFA enhance their policies and procedures to include required timeframes for the remittance of funds for courses dropped by a student or courses from which a student has withdrawn when disbursements are made after the end of the semester. We additionally recommend OSFA utilize its statutory authority to withhold payment if an institution fails to make refunds in a timely manner.</p>	<p>Original Response</p> <p>OSFA has taken varied steps, without comprehensive statutory authority, to ensure that institutions are aware of the deadlines to return funds.</p> <p>OSFA will pursue administrative process changes to include system changes as well as additional internal staff procedures that will both enhance current processes and add processes not previously developed. OSFA will also seek statutory authority, as best determined by DOE Senior Management and OSFA staff, which will target the institution and not harm the student.</p> <p><i>Anticipated completion 4/1/2018: Levis Hughes</i></p>	<p>OSFA has implemented the Reconciliation and Audit Log updates.</p> <p>Currently, OSFA sends a Ten-day Courtesy Reminder (Letter PSIREC003) informing institutions of the upcoming 60-day deadline. This letter includes the due date and amount owed.</p> <p>Prior to beginning disbursement activities for the 2019-20 academic year, OSFA will send a memorandum to all participating intuitions on August 1, 2019, to inform them of any outstanding refunds due to the Department. This memorandum will provide instructions on how to remain in compliance with</p>	<p>August 1, 2019</p> <p>Lou Anne Standley 850-245-1983</p>

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		<p>Response as of April 25, 2018:</p> <p>Without legislative allowance, OSFA has instituted the practice of not providing additional funds to an institution until any remaining prior term funds have been returned or disbursed to students.</p> <p>Presented at the May 2017 FASFAA Conference and discussed reporting deadlines, purpose of courtesy reminders, new consequences for failing to make deadlines, and reviewed the reconciliation process. <i>Completed</i></p> <p>Put a new trigger letter into production that will be sent out to institutions 10 days prior to their 30 day deadline to send in funds related to drop/withdrawn hours. <i>Completed</i></p> <p>In memos (FRAG, ABLE, FSAG), institutions were</p>	<p>OSFA’s refund policy and the consequences of not returning prior-year refunds. Institutions that fail to comply will not receive a disbursement until the requirement is satisfied.</p> <p>OSFA updated the State Scholarship & Grant Programs Policy Manual (Program Allocation Withholding Procedure) completed October 2018 and revised on July 10, 2019, to include an additional memorandum regarding withholding of disbursements due to delinquent prior-year refunds.</p> <p>OSFA’s refund policy and procedure was discussed in detail at the 2019 FASFAA Conference. During the presentation to the majority of all qualifying institutions,</p>	
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		<p>reminded of their deadlines to return funds. <i>Completed</i></p> <p>In memos (FRAG), for administration of 2017-18 funds, inserted language about providing future funds on a reimbursement basis if failed to return funds within their 60 day deadline. <i>Completed</i></p> <p>OSFA continues to work toward specific legislative authorization to delay payments for a subsequent year or term when there is failure to meet deadlines for returning undisbursed scholarship funds. <i>Continuing</i></p> <p>OSFA is in the process of updating the State Scholarship & Grant Programs Policy Manual.</p> <p>OSFA has reviewed the Policy Manual and has noted that the requirement to return funds is cited under Institutional Responsibilities. OSFA will</p>	<p>the slide show and discussion included reporting deadlines, purpose of courtesy reminders, new consequences for failing to meet deadlines, and the reconciliation process.</p>	
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		<p>update the Late Refund Penalty section of the Policy Manual to include a delay in funding for the subsequent term in addition to subsequent year. <i>Policy Manual Updates – July 1, 2018.</i></p> <p>OSFA is in the process of reviewing what changes need to occur in SSFAD to best assist institutions in meeting their reconciliation deadlines.</p> <p>OSFA has reviewed what changes need to occur in SSFAD to best assist institutions in meeting their reconciliation deadlines. These include ensuring that the dates on the Reconciliation Report correctly reflect the most recent transaction for individual students. We will be updating the Last Date Reconciled report on the Payment Summary screen to reflect each time the institution agrees with the payment summary. <i>SSFAD</i></p>		
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		<p><i>changes – September 1, 2018 (changes will be incorporated as the system is converted from Classic ASP to .NET environment) Levis Hughes 410-6810\</i></p> <p>Response as of October 25, 2018</p> <p>Without legislative allowance, OSFA has instituted the practice of not providing initial term allocations to an institution until any remaining prior term funds have been returned or disbursed to students.</p> <p>OSFA is in the process of updating the State Scholarship & Grant Programs Policy Manual. The drafted changes are currently be routed for review.</p> <p>OSFA has reviewed what changes need to occur in the</p>		
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		<p>State Student Financial Aid Database (SSFAD) to best assist institutions in meeting their reconciliation deadlines. These include ensuring that the dates on the Reconciliation Report correctly reflect the most recent transaction for individual students. We will be updating the Last Date Reconciled report on the Payment Summary screen to reflect each time the institution agrees with the payment summary.</p> <p>Anticipated Completion: December 2018 Due to legislative changes in 2018 additional work is needed to complete the policy.</p> <p>February 2019 Other changes to SSFAD affecting disbursement of scholarships assumed priority. IT has identified the Reconciliation and Audit Log need to be enhanced.</p>		
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<p>OSFA did not ensure undisbursed advances were returned in a timely manner.</p>	<p>We recommend that OSFA enhance their policies and procedures to include required timeframes for the remittance of funds for undisbursed advances when disbursements are made after the drop and add period. We additionally recommend OSFA utilize its statutory authority to withhold payment if an institution fails to make refunds in a timely manner.</p>	<p>Original Response</p> <p>OSFA has taken varied steps, without comprehensive statutory authority, to ensure that institutions are aware of the deadlines to return funds.</p> <p>OSFA will pursue administrative process changes to include system changes as well as additional internal staff procedures that will both enhance current processes and add processes not previously developed. OSFA will also seek statutory authority, as best determined by DOE Senior Management and OSFA staff, which will target the institution and not harm the student.</p> <p><i>Anticipated completion 4/1/2018: Levis Hughes</i></p>	<p>OSFA has implemented the Reconciliation and Audit Log updates.</p> <p>Currently, OSFA sends a Ten-day Courtesy Reminder (Letter PSIREC003) informing institutions of the upcoming 60-day deadline. This letter includes the due date and amount owed.</p> <p>Prior to beginning disbursement activities for the 2019-20 academic year, OSFA will send a memorandum to all participating intuitions on August 1, 2019, to inform them of any outstanding refunds due to the Department. This memorandum will provide instructions on how to remain in compliance with OSFA’s refund policy and the consequences of not</p>	<p>August 2019</p> <p>Lou Anne Standley 850-245-1983</p>
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		<p>Response as of April 25, 2018:</p> <p>Without specific legislative authorization, OSFA has instituted the practice of not providing additional funds to an institution until any remaining prior term funds have been returned or disbursed to students.</p> <p>Presented at the May 2017 FASFAA Conference and discussed reporting deadlines, purpose of courtesy reminders, new consequences for failing to make deadlines, and reviewed the reconciliation process. <i>Completed</i></p> <p>Put a new trigger letter into production that will be sent out to institutions 10 days prior to their 30 day deadline to send in funds related to drop/withdrawn hours. <i>Completed</i></p> <p>In memos (FRAG, ABLE, FSAG), institutions were</p>	<p>returning prior-year refunds. Institutions that fail to comply will not receive a disbursement until the requirement is satisfied.</p> <p>OSFA updated the State Scholarship & Grant Programs Policy Manual (Program Allocation Withholding Procedure) completed October 2018 and revised on July 10, 2019, to include an additional memorandum regarding withholding of disbursements due to delinquent prior-year refunds.</p> <p>OSFA’s refund policy and procedure was discussed in detail at the 2019 FASFAA Conference. During the presentation to the majority of all qualifying institutions, the slide show and discussion included</p>	
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		<p>reminded of their deadlines to return funds. <i>Completed</i></p> <p>In memos (FRAG), for administration of 2017-18 funds, inserted language about providing future funds on a reimbursement basis if failed to return funds within their 60 day deadline. <i>Completed</i></p> <p>OSFA continues to work toward specific legislative authorization to delay payments for a subsequent year or term when there is failure to meet deadlines for returning undisbursed scholarship funds. <i>Continuing</i></p> <p>OSFA has reviewed the Policy Manual and has noted that the requirement to return funds is cited under Institutional Responsibilities. OSFA will update the Late Refund Penalty section of the Policy Manual to include a delay in funding for the subsequent term in addition to</p>	<p>reporting deadlines, purpose of courtesy reminders, new consequences for failing to meet deadlines, and the reconciliation process.</p>	
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		<p>subsequent year. <i>Policy Manual Updates – July 1, 2018.</i></p> <p>OSFA is in the process of updating the State Scholarship & Grant Programs Policy Manual. <i>In process: April, 2018</i></p> <p>OSFA has reviewed what changes need to occur in SSFAD to best assist institutions in meeting their reconciliation deadlines. These include ensuring that the dates on the Reconciliation Report correctly reflect the most recent transaction for individual students. We will be updating the Last Date Reconciled report on the Payment Summary screen to reflect each time the institution agrees with the payment summary.</p> <p><i>SSFAD changes – September 1, 2018 (changes will be incorporated as the system is</i></p>		
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		<p><i>converted from Classic ASP to .NET environment)</i> <i>Levis Hughes</i> <i>410-6810</i></p> <p>Response as of October 25, 2018 Without legislative allowance, OSFA has instituted the practice of not providing initial term allocations to an institution until any remaining prior term funds have been returned or disbursed to students.</p> <p>OSFA is in the process of updating the State Scholarship & Grant Programs Policy Manual. The drafted changes are currently be routed for review.</p> <p>OSFA has reviewed what changes need to occur in the State Student Financial Aid Database (SSFAD) to best assist institutions in meeting their reconciliation deadlines. These</p>		
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