Department of Education

Office of Inspector General – Internal Audit Six-Month Status Report on: State Scholarships Report # A-1516-029 Issued: April 25, 2017

Finding	Recommendation(s)	Management Response	Management Response as of October 25, 2017	Anticipated Completion Date & Contact
OSFA did not ensure	We recommend that OSFA	OSFA has taken varied steps,	Presented at the May 2017	Completed
disbursed refunds	enhance their policies and	without comprehensive statutory	FASFAA Conference and	
were returned in a	procedures to include	authority, to ensure that	discussed reporting	
timely manner	required timeframes for the	institutions are aware of the	deadlines, purpose of	
	remittance of funds for	deadlines to return funds.	courtesy reminders, new	
	courses dropped by a student		consequences for failing to	
	or courses from which a	OSFA will pursue administrative	make deadlines, and	
	student has withdrawn when	process changes to include	reviewed the reconciliation	
	disbursements are made after	system changes as well as	process.	
	the end of the semester. We	additional internal staff		
	additionally recommend	procedures that will both	Put a new trigger letter into	Completed
	OSFA utilize its statutory	enhance current processes and	production that will be sent	
	authority to withhold	add processes not previously	out to institutions 10 days	
	payment if an institution fails	developed. OSFA will also seek	prior to their 30 day	
	to make refunds in a timely	statutory authority, as best	deadline to send in funds	
	manner.	determined by DOE Senior	related to drop/withdrawn	
		Management and OSFA staff,	hours.	
		which will target the institution		
		and not harm the student.	In memos (FRAG, ABLE,	Completed
			FSAG), institutions were	
		Anticipated completion	reminded of their deadlines	
		4/1/2018:	to return funds.	
		Levis Hughes		
			In memos (FRAG), for	Completed
			administration of 2017-18	

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Finding	Recommendation (s)	Management Response	Management Response as of October 25, 2017	Anticipated Completion Date & Contact
			funds, inserted language about providing future funds on a reimbursement basis if failed to return funds within their 60 day deadline.	
			Drafted proposed statutory language changes outlining consequences for failing to return funds timely.	In process, April, 2018
			OSFA is in the process of updating the State Scholarship & Grant Programs Policy Manual.	Policy Manual Updates – November 30, 2017
			OSFA is in the process of reviewing what changes need to occur in SSFAD to best assist institutions in meeting their reconciliation deadlines.	SSFAD changes – July 1, 2018 (changes would be incorporated as the system is converted from Classic ASP to

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Finding	Recommendation(s)	Management Response	Management Response as of October 25, 2017	Anticipated Completion Date & Contact
				.NET environment)
				Levis Hughes 410-6810
OSFA did not ensure undisbursed advances were returned in a timely manner.	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.	OSFA has taken varied steps, without comprehensive statutory authority, to ensure that institutions are aware of the deadlines to return funds. 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	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. 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.	Completed
		and not harm the student.		Completed

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Finding	Recommendation(s)	Management Response	Management Response as of October 25, 2017	Anticipated Completion Date & Contact
		Anticipated completion 4/1/2018: Levis Hughes	In memos (FRAG, ABLE, FSAG), institutions were reminded of their deadlines to return funds.	
			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.	Completed
			Drafted proposed statutory language changes outlining consequences for failing to return funds timely.	In process. April, 2018
			OSFA is in the process of updating the State Scholarship & Grant Programs Policy Manual.	Policy Manual Updates – November 30, 2017

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Finding	Recommendation(s)	Management Response	Management Response as of October 25, 2017	Anticipated Completion Date & Contact
			OSFA is in the process of	SSFAD
			reviewing what changes	changes – July
			need to occur in SSFAD to	1, 2018
			best assist institutions in	(changes would
			meeting their reconciliation	be incorporated
			deadlines.	as the system is
				converted from
				Classic ASP to
				.NET
				environment)
				Levis Hughes 410-6810