

Rule 6A-20.0021 is amended to read:

6A-20.0021 Program Compliance Audits of State Student Financial Aid and the State Tuition Assistance Grant ~~Florida Resident Access Grant~~ Programs.

The Commissioner shall require the performance of a program compliance audit (also called examination) on a biennial basis for each state student financial aid and state tuition assistance grant ~~Florida resident access grant~~ program administered by a private independent college, university, or school (hereafter called institution) in accordance with Florida Statutes and State Board of Education Administrative Rules. The purpose of such audits shall be to determine whether the institution has administered the state student financial aid and state tuition assistance grant ~~Florida resident access grant~~ programs in substantial compliance with applicable statutes and rules. This rule shall be effective for audits beginning with the 2007-08 ~~1989-90~~ school year.

(1) Designation of auditors. It shall be the responsibility of the institution receiving state student financial aid and state tuition assistance grant ~~Florida resident access grant~~ programs to secure an audit from an independent certified public accounting (CPA) firm at the institution's expense. The CPA firm shall agree to:

(a) Conduct the audits in accordance with the instructions of the Department's Office of Student Financial Assistance ~~Inspector General~~.

(b) Provide two (2) ~~four (4)~~ or more audit report copies and management letters to the Department.

(c) Allow the state officials or representatives access to review the audit workpapers.

(2) Responsibilities of the Department. It shall be the responsibility of the Office of Student Financial Assistance ~~Department~~ to coordinate each program compliance audit performed by a certified public accounting firm and to ensure that the results of such audits are provided to the

Department in accordance with the provisions of subsection (1) of this rule. Instructions for the audits are to be provided by the Office of Student Financial Assistance ~~Department~~.

(3) Responsibilities of the institution. Responsibilities of the institution shall include:

(a) Submitting, when required, a refund check to the Office ~~Bureau~~ of Student Financial Assistance within thirty (30) calendar days from the date on the audit determination letter sent to the institution by the Office of Student Financial Assistance, as provided for in subsection (7) of this rule, or

(b) Notifying the Office ~~Bureau~~ of Student Financial Assistance that it desires either to appeal the examination findings or to have a one hundred (100) percent examination, as provided for in subparagraph (6)(b)2. of this rule.

(4) Instances of noncompliance. The certified public accounting firm shall report instances of noncompliance with applicable statutes and rules found during the examination in accordance with the following provisions:

(a) Students shall be classified as ineligible, if the examination of supporting documentation discloses instances of noncompliance with eligibility criteria specified by applicable statutes and rules.

(b) Awards shall be classified as questioned costs, if the examination discloses one (1) or more of the following conditions:

1. Awards, or the portions thereof, not properly paid or delivered to students, or not properly credited to students' accounts,

2. Awards made to ineligible students, and

3. Awards for which supporting documentation, necessary to establish eligibility, is missing and cannot be located.

(c) Instances of noncompliance which do not affect student eligibility or cause the classification of awards as questioned costs shall be reported with the auditor's findings, but shall have no impact on determining the amount of refunds or whether to expand a sample as provided in subsection (5) of this rule.

(5) Sample selection. For each program administered by the institution, the certified public accounting firm shall select a random sample of fifty (50) award recipients, or twenty-five (25) percent of the total number of award recipients, whichever is less, but no less than ten (10) award recipients; however, if there are less than ten (10) award recipients, then all award recipients shall be selected. If the error rate determined for the initial random sample is equal to or greater than ten (10) percent of the monetary value of the sample, the sample shall be expanded to become statistically valid and representative of the entire award population.

(6) Refunds. Refunds shall be determined in accordance with the following provisions:

(a) For each program with an error rate of less than ten (10) percent of the monetary value of the sample awards, the institution shall refund the specific awards which are classified in the final audit report as questioned costs.

(b) For each program with an error rate equal to or greater than ten (10) percent, the institution shall either:

1. Refund an amount calculated by multiplying the sample error rate times the total awards in the program population, or

2. Engage a CPA firm, at the institution's expense, to audit one hundred (100) percent of the awards in the program population, and refund the sum of the specific awards classified as questioned costs.

(7) Audit determination letter. Within ten (10) working days after receipt of a final audit

report, the Office of Student Financial Assistance ~~Office of the Inspector General~~ will complete a desk review and ~~submit the audit to the Bureau of Student Financial Assistance who will~~ write the audit determination letter to the Financial Aid Director and the President of the institution.

The audit determination letter to the concerned institution shall include:

(a) A reference to the final audit report and the authority under which a refund, if any, is being requested;

(b) A computation of the requested refund, if any, and

(c) Notice to the institution that it may appeal the audit determination letter, within fifteen (15) calendar days from the date of the audit determination letter, by requesting an informal hearing. The Commissioner, or designee, shall schedule the informal hearing to be held between representatives of the institution and Office ~~Bureau~~ of Student Financial Assistance within ninety (90) calendar days of the institution's request. If these parties are unable to arrive at a satisfactory agreement or are unable to hold an informal hearing within the ninety (90) calendar days period, the institution may request a formal hearing by submitting a letter to the Commissioner. The Commissioner shall request the Division of Administrative Hearings of the Department of Administration to assign a hearing officer, and the Department shall proceed with the hearing as prescribed by Section 120.57, Florida Statutes.

Specific Authority 295.01(3), 1001.02(1), 1009.51(1), 1009.52(7), 1009.53(3), 1009.72(7), 1009.73(1), 1009.765, 1009.77(7), 1009.89(2), 1009.891(2) FS. Law Implemented 295.01, 1009.51, 1009.52, 1009.53, 1009.72, 1009.73, 1009.765, 1009.77, 1009.89, 1009.891 FS. History—New 9-19-90, Amended 2-15-95, 11-16-97, \_\_\_\_\_.