

- Are appropriate reports filed in a timely manner, as required by external source of funds?
- Who has management control over external program and research funds within the institution, and how are they qualified?
- Has the institution been required to obtain a letter of credit on behalf of any financial regulatory agency (excluding Title IV programs, which are described under Standard 13.6)?
- Are there liabilities owed back to external funding sources [excluding Title IV programs, which are described under Standard 13.6 (*Federal and state responsibilities*)]?

### Sample Documentation

- Federal award audits.
- Grant policies and procedures governing externally funded programs.
- Indirect cost policy.
- Grants accounting documentation.

### Reference to SACSCOC Documents, If Applicable

None noted.

### Cross-References to Other Related Standards/Requirements, If Applicable

None noted.

**13.6** The institution (a) is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended and (b) audits financial aid programs as required by federal and state regulations. In reviewing the institution's compliance with these program responsibilities under Title IV, SACSCOC relies on documentation forwarded to it by the U.S. Department of Education. (*Federal and state responsibilities*)

### Rationale and Notes

Many institutions are dependent upon Title IV federal financial aid to assist students with educational expenses and maintain adequate levels of enrollment. An institution must comply with the program responsibilities under Title IV of the most recent Higher Education Act as amended, or risk the loss of federal aid for both its students and organizational needs. As the primary gatekeeper for many member and candidate institutions seeking Title IV funds, SACSCOC is obligated to review information submitted by the institution, or provided by the U.S. Department of Education, that could affect an institution's continued compliance with SACSCOC standards.

Similarly, most states have financial aid programs that provide funding to students at both public and private institutions. These programs also have compliance expectations and regulations. Continued compliance regulations governing these programs are essential for the long-term financial health of the institution.

#### NOTES

*Institutions should remember that financial reviewers, by SACSCOC policy, will not be from the same state as the one under review. Thus it is important to explain the nature of state financial aid programs and how they are managed and audited.*

*Institutions whose Title IV financial aid is audited as part of a larger state or system “Single Audit” should work with the auditors to ensure that the audit clarifies that the institution was explicitly included within the coverage of the audit, and whether any findings within the audit pertain to that institution.*

#### Questions to Consider

- What issues exist with Title IV programs for the institution, if any?
  - Has the institution been placed on the reimbursement method?
  - Has the institution been required to obtain a letter of credit on behalf of the Department of Education? If so, what is the status of that letter of credit?
  - Are there findings in the independent audit of the institution’s federal financial aid programs? Are these findings significant, material, repeated, or indicative of administrative capability issues? Are questioned costs significant?
  - Are there significant impending litigation issues with respect to financial aid activities?
  - Are there significant unpaid dollar amounts due back to the Department of Education?
  - Has adverse communication been received from the Department of Education? If so, what was the institution’s response?
  - What is the institution’s student loan default rate? Is there a finding in the audit of federal awards regarding student loan default rates?
  - Is the institution aware of infractions to regulations that would jeopardize Title IV funding?
- Did the most recent audit of Title IV federal funds bear an unmodified opinion?
- For public institutions, how often are financial aid audits required by the federal government?
- If not annually, explain. Public institutions may not have these reviews annually and should explain their state’s process. Peer evaluators have generally not accepted the argument that an individual institution is not required to have an audit of federal awards by the state’s agreement with the federal government. SACSCOC standards require an audit of federal Title IV financial aid for member institutions.

- For public institutions, if the institution is included in a group of institutions for federal awards compliance review (such as a state or system audit), is it clearly indicated by name that your institution has been reviewed? Are findings clearly delineated by institution?

### Sample Documentation

- Most recent federal awards/financial aid audit.
- Audits of state financial aid programs.
- Institutional responses to all audits and/or findings.
- Copies of all relevant correspondence received from the U.S. Department of Education for ongoing noncompliance issues, including liabilities owed.
  - Copies of institutional response to U.S. Department of Education correspondence.
- Negotiated settlement agreements for the payoff of any fines or monies owed in connection with program reviews.
- Internal audits related to federal or state financial aid programs.
- Copies of any reports on compliance from the U.S. Department of Education.

### Reference to SACSCOC Documents, If Applicable

None noted.

### Cross-References to Other Related Standards/Requirements, If Applicable

Standard 12.6 (*Student debt*)

Standard 13.4 (*Control of finances*)

**13.7** The institution ensures adequate physical facilities and resources, both on and off campus, that appropriately serve the needs of the institution's educational programs, support services, and other mission-related activities. (*Physical resources*)

### Rationale and Notes

Adequate physical resources are essential to the educational environment and include facilities that are safe and appropriate for the scope of the institution's programs and services. The general public and current and prospective students expect the institution to have appropriate physical resources necessary to fulfill the needs of its educational programs, support services, and other mission-related activities.