

Chapter I Purpose, Mission, and Scope of Program Reviews

A. Purpose

Although program reviews are only one of the many tools available to a Case Management Team (CMT), they frequently are the only face-to-face contact between school officials and the Department. As such, a CMT needs to take advantage of this opportunity to establish a partnership with the school to help it strengthen its administration of the Title IV programs.

1. General

The purpose of a program review is to promote and improve compliance by improving institutional performance. The reviewer(s) will:

- analyze institutional data and records and identify any weaknesses in the institutional procedures for administering SFA program funds;
- determine the extent to which any weaknesses in the school's administration of SFA funds may subject students and taxpayers to potential or actual fraud and abuse;
- frame corrective actions that will strengthen the school's future compliance with SFA rules;
- quantify any harm resulting from the institution's impaired performance and identify liabilities where non-compliance results in loss, misuse, or unnecessary expenditure of Federal funds; and
- refer schools for administrative action to protect the interests of students and taxpayers, when necessary.

2. Congressional Priorities

Congress outlined specific priorities¹ for selecting schools for a program review:

- high cohort default rates (over 25 percent);
- significant fluctuation in FFEL volume or Pell awards between years;

¹ See Section 494 of Higher Education Amendments of 1998, PL 105-244 [HEA §498A(1)(a)]

- serious deficiencies as reported by state licensing agencies or accrediting agencies;
- high withdrawal rates; and
- a significant risk of noncompliance with administrative capability or financial responsibility provisions of SFA programs, as determined by the Secretary.

Case Management Teams (CMTs) routinely address the issues of default rates, fund fluctuations and risk in case management (eligibility determinations, audit resolution, financial analysis, and risk management through use of the Institutional Assessment Model). Where the Institutional Assessment Model indicates a high probability of impaired performance or the CMT becomes aware through case management that the school may seriously lack adequate administrative or financial capability, the CMT should use the program review tool to assess the institution's performance. In addition, CMTs may use program reviews to validate information that a school has submitted to ED that is included in the Institutional Assessment Model. During most program reviews, reviewers should provide corrective action guidance if appropriate, and consider whether additional administrative protection for the SFA programs is advisable.

3. Other Sources of Information

A CMT may become aware of the need for further school assessment because of:

- reports from agency partners, such as state licensing agencies, guaranty agencies and accrediting agencies;
- referrals from OIG; and/or
- student and/or institutional employee complaints.

B. Mission

The mission of a program review is to:

- strengthen administrative capability and financial responsibility under Title IV statutes and regulations through on-site assessments of and technical assistance on institutional administration of the SFA programs.
- address financial harm to the taxpayer through liability assessments.
- tend to those institutions that are seriously mismanaging or abusing the SFA programs through referral for administrative action, including emergency action, and referrals to the Inspector General - Investigative Services when appropriate.

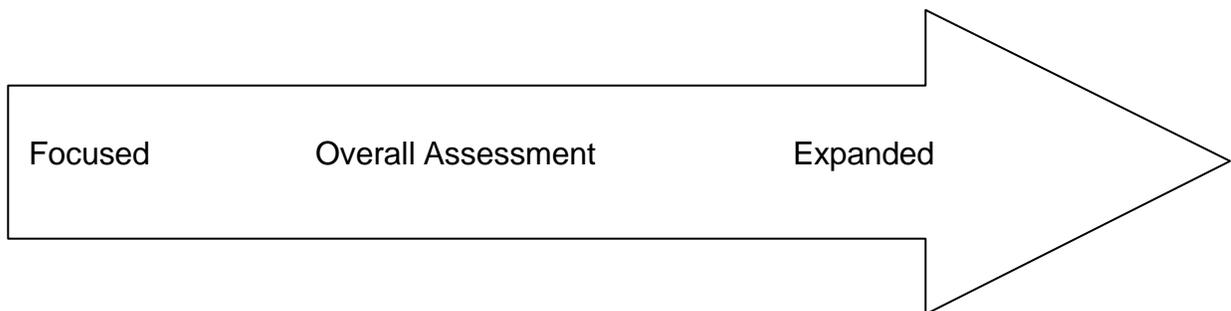
C. Scope

The CMT, relying on its experience and professional judgment, must consider not only whether a program review should take place, but also the scope of review likely to actually strengthen the school's compliance performance. The program review team plans and conducts a review based on the needs and directions provided by the CMT consistent with the information contained in this guide and PIP Procedures Memoranda.

1. Options in Planning the Scope of Program Reviews – A Continuum

Typically, the overall assessment of an institution's administrative and financial capability is determined by examining an institution's SFA policies, procedures and records, using selected program review items from Chapter IV as a checklist of issues. To economize resources (both of the CMT and institutions) and to meet the objective of strengthening compliance by improving institutional performance, the CMT should consider whether a review should be limited to specific areas. On the other hand, when the CMT determines that substantial, identifiable weaknesses exist in an institution's administrative or financial capacity and AAAD involvement appears probable, the CMT may find it necessary to expand the review.

The scope of a program review prior to the site visit is determined by the CMT in consultation with the Co-Team Leaders (CTLs) and Area Case Director (ACD). During or after the program review, the review team, in consultation with the CTLs and ACD, may modify the review to expand the scope based on information discovered on site. Review teams must always anticipate the possibility of redefining the review strategy and scope. Thus, the review may change from a focused review to an overall assessment or from overall assessment to a focused review while on site. The change of strategy and scope are decisions within the professional discretion of the review team, but the ACD and CTLs should be consulted regarding the change in scope.



Regardless of the scope of the review, the CMT should assure that the team is comprised of members having sufficient experience and knowledge in the areas within the program review's initial review scope. At all stages, the CTLs' role is that of resource management to assist the CMT and review team in completing its task.

2. Focused Reviews

Where a program review is needed to address specific issues known to the CMT, it is more appropriate to narrow the scope of the review to focus on those issues, and expanding the review as needed. The CMT should decide the specific issues to be addressed during the program review.

The following are some examples of when a focused review would be appropriate (this is not an exhaustive list):

- confirming documentation for institutions on the reimbursement system of payment;
- determining the extent of compliance and corrective action needed under the Campus Security Act;
- verifying cohort default data;
- determining whether an institution should be removed from the reimbursement system of payment.

If the review reveals only insignificant findings, the review team completes the review, returns to the office, and discusses the findings with the CMT. In consultation with the ACD and CTL, the review team determines when the program review report will be issued. (See section on Timelines for Issuing the Program Review Report.) In general, the team will notify the school, within 15 days of the date that the on-site review ends, when it can expect to receive the report.

3. Overall Assessment Reviews

An overall assessment review is normally chosen when the CMT seeks a general evaluation of the school's performance in meeting its administrative and financial obligations relative to the SFA programs. In conducting an overall assessment, the review team examines the institution's SFA records, policies, and procedures keeping in mind the reasons the school was selected for review and checking the key cohort of program review Items selected from Chapter IV, as appropriate. In addition, the review team must check on any serious deficiencies noted in previous audits or reviews, as well as on any negative reports received locally. The review team will also examine other compliance issues that reveal themselves during the review.

If the review reveals only insignificant findings, the review team completes the review, returns to the office, and discusses the findings with the CMT. In consultation with the ACD and CTL, the review team determines when the program review report will be issued. (See section on Timelines for Issuing the Program Review Report.) In general, the team will notify the school, within 15 days of the date that the on-site review ends, when it can expect to receive the report.

4. Expanded Reviews

Expanded reviews should be conducted when a CMT has information that significant compliance problems may exist at a school, or when other areas of concern are identified. The need for an expanded review may be established during initial case research, upon receipt of information indicating that probable concerns exist, or during a focused or overall assessment review.

During or after an overall assessment or focused review, if the review team concludes that an expanded review is needed, it must consult with the CTLs and ACD. The expanded review may include notice to other ACDs or CM Division Directors requesting assistance of other CMO staff (such as expansion of the review to include additional locations of national chain schools).

The review team leader must assure that the appropriate staff (CMT functional area experts, CMT adjuncts and CMO leadership) are fully apprised of all facts and circumstances indicating the need for further action or review expansion.

a. Example of an Expanded Review

Distance education school: A school participating in the Distance Education Demonstration Program (DEDP) was scheduled for a program review due to allegations of substantial improper financial aid administration by a former employee. The allegations involved the distance education program and FFEL administration. The CMT prepared a program review plan that included participation by three CMT reviewers, a DEDP team member, and guaranty agency reviewers. AAAD and OIG were also involved and kept apprised of the issues and program review plan.

While on site, the staff focused on both the specific allegations of wrongdoing, as well as the review items. The DEDP team member analyzed the institution's administration of the DEDP and advised the review team on DEDP specific issues. The guaranty agency reviewers were able to coordinate and provide GA data and information to the Case Team.

As a result of findings by the review team, the DEDP chose to terminate the institution's participation in the Pilot Program prior to issuance of the program review report. AAAD and OIG worked with the review team to obtain the evidence sufficient to support the termination.

Chapter III includes more detailed information on procedures for conducting and documenting an expanded program review.