PROGRAM REVIEW PROCESS
SEPTEMBER 2017
Since its inception in 1977, Program Review has been committed to helping schools accurately and effectively administer state and federal financial aid programs. Our goal is to ensure that all state and federal financial aid programs are administered in compliance with applicable law, regulations, and policies.

We are committed to promoting and maintaining integrity, accuracy, and timeliness in the certification and delivery of financial assistance to students and their families. Currently, we conduct routine reviews in an effort to better serve the financial aid community.

Through the program review process, we hope to encourage an atmosphere of mutual respect and support within the financial aid community. By sharing ideas, professional competencies, and experiences, we believe that we can effectively serve the diverse needs of students, families, and schools.

This guide will familiarize you with the program review process. Please contact us with questions or suggestions. We appreciate your continued support and participation in PHEAA-administered financial aid programs.

Contact Information

PHEAA Program Review/State Grant and Special Programs (SGSP)

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Email: ProgramReview@PHEAA.org
Mail: 1200 N. 7th Street, Harrisburg, PA 17102-1444
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I. Purpose & Scope

A program review is conducted to assess the capability of an educational institution’s ability to manage financial aid programs administered by PHEAA on behalf of the U.S. Department of Education and the Commonwealth of Pennsylvania. The main scope of the program review will include the institution’s administration of the Pennsylvania State Grant Program. Other programs reviewed, if the institution participates, may include:

- Pennsylvania (National Guard) Education Assistance Program (EAP)
- Partnership for Access to Higher Education (PATH) Program
- Educational Training Grant (Chafee) Program
- Ready to Succeed Scholarship (RTSS) Program
- Institutional Assistance Grant (IAG) Program
- State Grant Distance Education Pilot Program (SDGEPP, through the 2017-18 award year)
- Higher Education for the Disadvantaged (Act 101) Program
- Blind or Deaf Beneficiary Grant (BDBG) Program
- PA Targeted Industry Program (PA-TIP)
- Matching Funds State Work-Study Program (SWSP)
- Federal Work-Study Program (FWSP)

II. Types of Program Reviews

PHEAA conducts five different types of institutional program reviews, including routine, follow-up, probationary, school closing, and audit.

Most reviews take approximately 1 to 3 days to complete. Generally, program reviews include a review of institution policies, as well as a sample of student accounts. Depending on the reason for the review, this sample could include 100 percent of student records.

Program review findings are reported to school officials via a “Finding(s) Sheet” during the review (See Exhibit C). School officials are given an opportunity to review and respond to the issues noted on the “Finding(s) Sheet”. All unresolved issues are discussed at the exit interview.

Subsequent to the review, a findings letter is mailed to the President of the institution and the Director of Financial Aid will be provided with a copy. School officials must respond to the findings within the given time frame stated on the letter and make all requested refunds.

A. Routine Review

- Routine program reviews are conducted approximately every 2 years. A routine program review includes a review of institution policies, as well as a sample of student accounts. Depending on the number of student files available, this sample could include 100 percent of student records.

B. Follow-Up Review

- The State Grant error rate is calculated following a routine review. If the error rate is greater than 4 percent and/or four or more administrative findings, a follow-up review is scheduled for next year.
- A final error rate greater than 8.9 percent and/or four or more administrative findings indicates the possibility of major problems with the administration of the State Grant Program.

C. Probationary Program Review

- For institutions that, for a second year in a row, have either an error rate greater than 8.9 percent and/or four or more administrative findings, a probationary program review is scheduled for the next year.
- The institution will remain on probation until PHEAA conducts two consecutive program reviews with a final error rate of 4 percent or less and/or less than four administrative findings. PHEAA will notify the institution via letter of the change in status. The institution will continue to be monitored by PHEAA for an additional 2 years.
D. School Closing Review

- This review will be conducted when an institution closes and will contain strict deadlines. The review is scheduled within 30 days of the institution’s closure date. A review of 100 percent of the State Grant and Special Programs records is conducted. More than 1 academic year can be reviewed if applicable.

- Subsequent to the review, a finding(s) letter is mailed to the President of the institution and the Director of Financial Aid will be provided with a copy. The institution’s officials must respond to the findings and make all requested refunds within 10 days or request an extension.

E. Audit

- An audit is conducted when there is reported or suspected fraud at the institution and may be unannounced. The duration of the audit is dependent upon the number of student records that must be reviewed.

III. Sample Size

The sample size will vary depending upon the type of review being conducted. The chart below summarizes the five types of reviews conducted by PHEAA and the approximate sample size for each type of review.

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<thead>
<tr>
<th>Type of Review</th>
<th>Characteristics of the Review</th>
<th>Sample Size</th>
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<tbody>
<tr>
<td>Routine Program</td>
<td>• Reviews are conducted approximately every 2 years.</td>
<td><strong>State Grant:</strong> 30-65 files. For institutions with less than 30 files, 100 percent of the files will be reviewed.</td>
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<td>Review</td>
<td>• Findings report is mailed to the President of the institution and the Director of Financial</td>
<td><strong>Special Programs:</strong> Ten records per program or 100 percent of all records if there are less than 10. If only one special program is being</td>
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<td></td>
<td>Aid will be provided with a copy.</td>
<td>reviewed, more than 10 records could be included in the sample.</td>
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<td></td>
<td>• The institution must respond and resolve any findings within 30 days of the initial report or</td>
<td>Special Programs reviewed may include:</td>
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<td></td>
<td>request an extension. This includes making all required refunds.</td>
<td>• Pennsylvania (National Guard)</td>
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<td>Educational Assistance Program (EAP)</td>
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<td>Follow-up Review</td>
<td>• Review is conducted if the institution’s State Grant error rate exceeds the acceptable limit and/or four or more administrative findings.</td>
<td><strong>State Grant:</strong> 30-45 files. For institutions with less than 30 files, 100 percent of the files will be reviewed. <strong>Special Programs:</strong> Ten records per program or 100 percent of all records if there are less than 10. If only one special program is being reviewed, more than 10 records could be included in the sample.</td>
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<td>• A final error rate of 4.1 percent to 8.9 percent requires review of current and possibly the following year of State Grant records.</td>
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<td>• A final error rate greater than 8.9 percent and/or four or more administrative findings indicates the possibility of major problems with the administration of the State Grant Program.</td>
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<td>• Findings report is mailed to the President of the institution and the Director of Financial Aid will be provided with a copy.</td>
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<td>• The school officials must respond to the finding[s] and make all requested refunds within 30 days of the initial report or request an extension.</td>
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<td>Probationary Review</td>
<td>• Review is conducted for institutions that, for a second year in a row, have an error rate greater than 8.9 percent, and/or four or more administrative findings.</td>
<td><strong>State Grant:</strong> 30-45 files. For institutions with less than 30 files, 100 percent of the files will be reviewed. <strong>Special Programs:</strong> Ten records per program or 100 percent of all records if there are less than 10. If only one special program is being reviewed, more than 10 records could be included in the sample.</td>
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| School Closing Review | • Review conducted when an institution closes or loses eligibility. Scheduled by PHEAA within 30 days of closure date or loss of eligibility date.  
• More than 1 academic year can be reviewed if applicable.  
• Findings report is mailed to the President of the institution and the Director of Financial Aid will be provided with a copy.  
• The institution must respond and resolve any findings within 10 days of the initial report or request an extension. This includes making all required refunds. | 100 percent of student files and will encompass the State Grant and Special Programs records.                                            |
| Audit                 | • An audit is conducted when there is reported or suspected fraud at the institution and may be conducted unannounced.                                                                                                                                                                                                               | Sample size will vary depending on what is being reviewed. Typically, the sample will include 100 percent of student files and will encompass the State Grant and Special Programs records. |

### IV. Frequency of Program Reviews

A program review cycle is from September 1 through August 31 and program reviews are conducted approximately once every 2 years. There are some instances where more frequent program reviews may be required. In these cases, institutions are advised of the reasons for the increased frequency of reviews.

### V. Scheduling/Notification

The Financial Aid Administrator (FAA) will receive a telephone call and/or email approximately 30 to 60 days in advance of the program review. At this time, the date is flexible and, if necessary, can be changed to the subsequent month to accommodate institution schedules. The FAA should notify other school officials that will be involved in the program review (e.g. Business Office, Act 101 Director and Registrar), of the tentative date of the program review to confirm their availability during the scheduled review.

Subsequent to the telephone call or email, the FAA will receive a Notification Letter via email confirming the date and time of the program review (See Exhibits A and B). At this time, the FAA is asked to supply specific documents to PHEAA prior to the scheduled review (see Exhibit B). Additionally, the institution is strongly encouraged to have completed their reconciliation roster prior to the review date.

### VI. Pre-Review

Prior to a scheduled program review, the Compliance Coordinator will review the information school officials provided as per the Notification Letter (See Exhibit A and B).

### VII. Site Visit

The amount of time needed for the on-site review depends upon the type of review being conducted and the number of student files being reviewed. The on-site review consists of three parts including the entrance interview, student file review, and exit interview.
A. Entrance Interview

The program review will begin with an entrance interview. All school officials who are directly associated with the programs being reviewed should be invited to attend the interview. The entrance interview includes the following components:

- The purpose and scope of the review will be discussed.
- The pre-review materials mentioned in Section VI will be discussed including questions or concerns about institution policies and procedures.
- Any questions that institution officials may have will be addressed.
- Institution officials will be provided with a list of students that will be included in the file review.
- The FAA will be asked to identify the contact people from each office involved in the program review.

B. File Review

Each file is reviewed to determine compliance with state regulations. Potential findings are discussed with school officials during the on-site visit. Prior to the exit interview, school officials will receive a “Finding(s) Sheet” identifying each potential finding (See Exhibit C). School officials will be given an opportunity to respond to the finding(s) concerns prior to the exit interview. If additional time is needed to research a particular finding, school officials may be given up to an additional week to conduct research and respond to the potential finding.

For program reviews that include the Higher Education for the Disadvantaged (Act 101), the Compliance Coordinator will be required to review a different set of markers during the review. The Act 101 contact must provide the following for the award year under review:

- Names of Board members and minutes from the required Board meeting
- Eligibility requirements used to determine educational admittance
- Concerns regarding the required submitted Annual Report

Documentation for a sample of 10 students which includes financial information such as family and student income and family size, the educational criteria, PA residency, proof of signed academic and financial commitment to the student, proof the student is participating in meeting with Act 101 staff, and that the student is enrolled in an eligible program and enrolled as at least a half-time student will be examined.

C. Exit Interview

The on-site review will conclude with an exit interview. It is important for all school officials who were involved in the program review to be invited to attend the exit interview. The exit interview will include the following components:

- The purpose and scope of the review will be reiterated.
- All unresolved findings will be discussed.
- The Compliance Coordinator may also recommend changes to policies, procedures, and/or financial aid processes.
- The timeline for the school to provide any outstanding information and documentation will be explained.
- Any questions that school officials may have will be addressed.
- In addition, the school is advised of the requirements to resolve the findings and of all potential liabilities.

VIII. Initial Report

The initial report will be mailed to the institution approximately 30 days following the on-site visit. The report will be mailed to the President of the institution and the Director of Financial Aid will be provided with a copy. The report will list the finding(s), the appropriate regulatory reference, and the action the institution is required to resolve the finding(s).

Except in the case of a no error review, the institution is required to respond in writing to each finding in the report. The Compliance Coordinator will advise the institution that it must respond within 30 days (10 days for a school closing) and that all refunds are to be made via the report process. If any money was refunded from the institution,
the institution must specify in their correspondence how the money was returned to PHEAA.

Additionally, an institution may be granted an extension if they are not able to respond within the established time period. Institution officials must contact PHEAA Program Review staff to request an extension.

IX. Secondary Response(s)

The Compliance Coordinator will review the institution’s response to the initial program review finding(s). If additional action is needed, a secondary response is sent to the institution.

X. Closing the Review

When the institution has satisfactorily responded to all of the finding(s) from the program review and made all the required refunds, a closing letter is sent to the institution.

XI. Frequently Asked Questions

Q. Why was my institution selected for a program review?
   A. As stated in Section IV, PHEAA conducts program reviews approximately once every 2 years.

Q. Why do I have to send you information prior to the on-site visit?
   A. The requested information allows the Compliance Coordinator to prepare for the program review and reduces the amount of time that he or she will need to spend on-site. In addition, if there are any concerns regarding any of the requested policies or procedures, those concerns are discussed at the entrance interview. If changes or updates are needed, the Compliance Coordinator is available to answer questions and provide assistance.

Q. What if I cannot respond to the program review findings within the requested time frame?
   A. If you are unable to respond to the program review findings within the requested time period, you should contact PHEAA Program Review at 717.720.2740 and/or ProgramReview@PHEAA.org to request an extension.

Q. I want to resolve the program review finding(s) via paper check. Who do I write the check out to and where should I mail the payment?
   A. If it is determined that the student(s) referenced in the program review findings letter were not eligible for the referenced funds, please make your check payable to PHEAA and return it with the form that was enclosed in the report. Mail your check to: PHEAA, Program Review/SGSP, 1200 North Seventh Street, Harrisburg, PA 17102-1444.
Dear ______________:

This letter is to confirm that PHEAA has scheduled a program review at your institution beginning on MM/DD/CCYY. NAME OF COMPLIANCE COORDINATOR will be at your institution at TIME on that date. The scope of the review will primarily focus on CCYY-YY academic year records. The review will include approximately 30 to 45 student files and will encompass the State Grant and Special Programs records.

Your school is required to provide access to all State Grant and Special Program records. This program review will evaluate the following:

1. General institutional eligibility
2. Program administration
3. Student eligibility
4. Student financial aid files
5. Student academic, registration and attendance records; and
6. Fiscal administration records

Please inform members of your staff who are responsible for the State Grant and Special Programs (including Act 101 staff, if applicable) of the dates of the program review. Officials from the financial aid office, business office and registrar's office must be available to answer questions during the program review and should also be present during the entrance and exit interview.

Your cooperation throughout the program review process will be appreciated. If you have any questions regarding the program review, please call this office at (717) 720-2740.

Sincerely,

Manager, Institution Compliance & Eligibility
State Grant and Special Programs
LIST OF ATTACHMENTS
PHEAA PROGRAM REVIEW

The following items must be forwarded to PHEAA via email to XXXX@pheaa.org within five (5) days of receipt of this correspondence:

1. Tuition refund policy
2. Satisfactory academic progress policy
3. Policy(s) regarding online or hybrid courses

A list of student files to be reviewed will be provided to school officials at the entrance interview. These files must include the following documentation as applicable.

1. Student contracts, enrollment agreements or registration forms
2. Evidence of admissions criteria such as high school diploma or GED
3. Completed admissions and financial aid forms
4. Class schedule and attendance records
5. Documentation of satisfactory academic progress
6. Documentation supporting the student’s withdrawal date
7. Refund calculation worksheet(s)
8. Student need analysis documentation
9. Student account cards or ledgers and any pertinent supporting documentation
10. Documentation of student refund checks being negotiated
INITIAL MANAGEMENT RESPONSE

School officials should include appropriate documentation to support their position and/or resolve the Coordinator’s concern.

The school official’s signature confirms that this information was presented to you by the Compliance Coordinator. Your signature does not necessarily constitute agreement with the finding.

_________________________________________              ____________
Signature                                                                 Date

Title