

Your Financial Aid Audit Checklist

How Can You Best Prepare?

Institutions that participate in federal aid programs are obligated to undergo a financial aid audit once a year. The process of preparing for the audit can be lengthy and, if saved until the last minute, stressful. While we recommend preparing for the audit year-round, Jenzabar has put together a checklist you can use to ensure that you're ready for the auditing process when the time arises.

Organize your audit folder

Your folder should contain the following items:

- Program participation agreement
- Campus security disclosures with proof that these disclosures were sent to students and employees
- Cohort default rate letter
- Off-campus employment agreements
- The Fiscal Operations Report and Application to Participate (FISAP)
- Department of education award letter
- Academic calendar
- Cost of attendance budgets
- Your satisfactory academic progress (SAP) policy

Reach out to your auditor and obtain a list of audit requirements

Hold an interdepartmental meeting and delegate audit list items

- Reach out to the bursar, registrar, and other offices for participation
- Make sure you have representative from each department from which you need information
- Assign each list item a specific and firm deadline

Take a self-audit

[The Federal Student Aid \(FSA\) partner website](#) has a list of resources that can help you evaluate your program's compliance as well as fix any issues you find

Check that you have the necessary internal control documentation

- Gather all the policies and procedures in one central location
- Update your control modules accordingly (Note: This can be a big job and we recommend starting this process early and picking one module to update a month)
- Update documentation based on changes brought about by position turnover and new hires

Assign a Gramm-Leach-Bliley Act (GLBA) coordinator

- Have your GLBA coordinator perform a risk assessment
- Update your program based on risk assessment findings

Ensure your financial aid processing system is configured

The system should adhere to your written policies/procedures

Collect copies of any audits completed by third parties

Update any additional information as needed

- Review your current participation agreement
- Document new personnel and program changes
- Review your policy and procedure manual
- Review your professional judgement decision and ensure they are clearly documented
- Review and ensure all the required consumer information disclosures are clearly documented (see [Volume 2, Chapter 6](#) of the [FSA Handbook](#))

There's a great deal that goes into preparing for an annual financial aid compliance audit, but these audits can be helpful for identifying areas where program changes may be necessary.

If you're looking for additional information and resources, please visit Jenzabar's Financial Aid web page at jenzabar.com/product/financial-aid.

