



MCCLINTOCK
& ASSOCIATES

A HIGHER GRADE OF ACCOUNTANTS

Implementation of the 2023 Audit Guide

Perspectives of an auditor and auditee

Welcome & Introduction

Luke Hoey

- Senior Manager, Audit Department, McClintock & Associates, P.C.

Postsecondary Practice

- Services include financial statement audits, Title IV compliance audits, general regulatory consulting, due diligence services and transaction accounting services.
- Team consists of a variety of experts, including CPAs and FAACs
- Work with schools with student populations ranging from less than 50 to over 10,000.

Welcome & Introduction

Carla Cline

- Assistant Director, Corporate Financial Aid
- Aviation Institute of Maintenance, Centura College, Tidewater Tech Trades

Debbie Dunn

- Owner, President
- Lancaster School of Cosmetology & Therapeutic Bodywork

Eddie Alkhal

- Director of Operations
- Prism Career Institute

Presentation Outline

- 2023 Audit Guide Changes
- Reviewing Results: Hours and Findings
- Recommendations for Achieving Smoother Audit
- Question and Answer

2023 Audit Guide Effective Date

Title IV Audit Guide

March 2023

CHAPTER 1 – GENERAL REQUIREMENTS

A.3. EFFECTIVE DATE AND IMPLEMENTATION

This Guide is effective for fiscal years beginning on or after January 1, 2023, with early implementation allowed and encouraged. This Guide supersedes:

- *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs* (September 2016)
- Dear CPA Letter CPA-19-01: Student Information Security
- Dear CPA Letter CPA-20-01: Site Visit Exemption During COVID-19 Outbreak
- Dear CPA Letter CPA-21-01: Extension of Site Visit Exemption During COVID-19 National Emergency
- Dear CPA Letter CPA-21-02: Proprietary School Example Auditor's Reports Reflecting Changes for 2018 Government Auditing Standards revision and Statement on Auditing Standards Nos. 134-140
- Dear CPA Letter CPA-22-02: Identifying School's Unique Entity Identifier in Report Packages
- Frequently Asked Questions for the *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*

Audit vs. Attestation Examination

Audit

“We have audited MAACS University’s compliance with the compliance requirements”

“We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America”

Attestation Examination

“We have examined management of MAACS University’s assertions that MAACS University complied with the compliance requirements”

“Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants”

Key Changes

Out with the Old

- Servicer Information Sheet
- Student Confirmations
- COD for all Disbursements
- Test all students for universe of 25 or less

In with the New

- State Authorization for Distance Education
- GLBA Safeguards Rule (7 elements)
- Program Enrollment Detail
- Schedule of Prior Year Findings



MCCLINTOCK
& ASSOCIATES

A HIGHER GRADE OF ACCOUNTANTS

Question for Panelists:

Were there any noticeable differences between last year's audit (under the 2016 guide) and your most recent audit (under the 2023 audit guide)? If so, what were they?

Reviewing Results (Hours)



- 67 reports issued
- Total hours similar to PY
- Approx. 175 hours per OPE ID

- Improved process workflow
- Good employee retention
- High quality clients

Reviewing Results (Findings)



- 67 reports issued
- 3 Findings per OPE ID (FY22)
- 2.6 Findings per OPE ID (FY23)

- More new clients in 2022
- R2T4 Exemption rule change
- High quality clients

(NEW) Common Findings

- State Authorization for Distance Education
- Sunset of COVID flexibilities
- Written policies and procedures:
 - IT Security Program – [16 CFR §314.4](#)
 - Verification Policy – [34 CFR §668.53](#)
 - LOA Policy – [34 CFR §668.22\(d\)\(3\)\(iii\)](#)



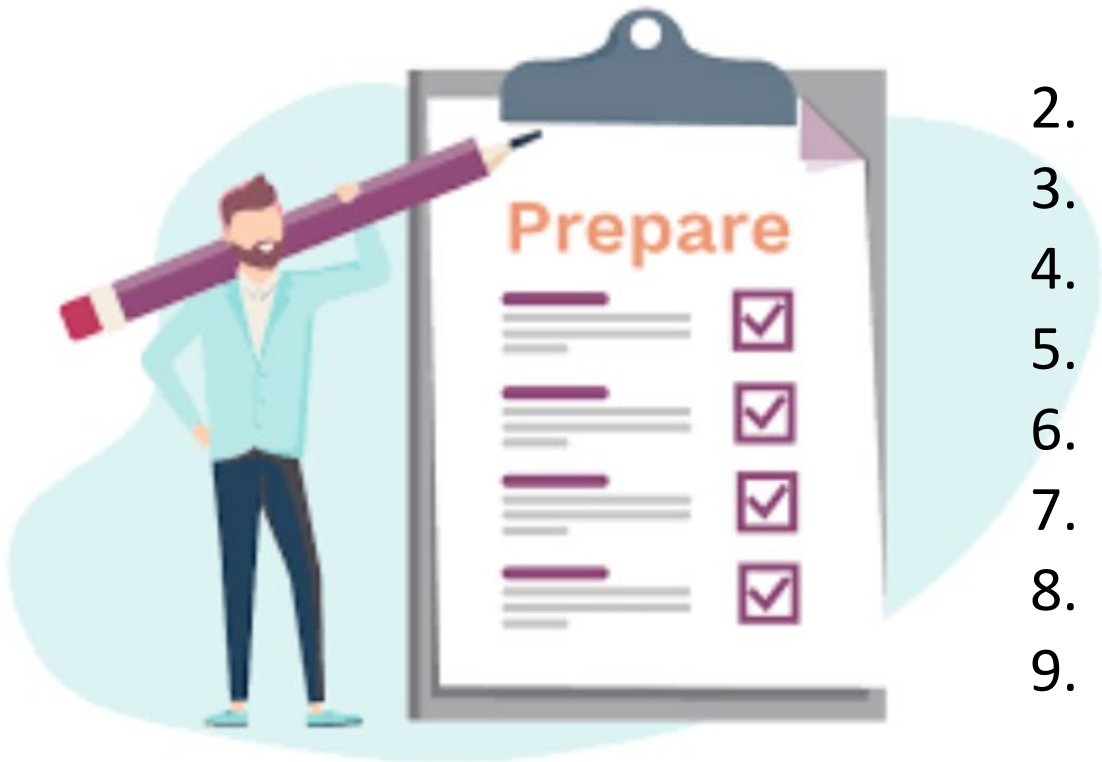
MCCLINTOCK
& ASSOCIATES

A HIGHER GRADE OF ACCOUNTANTS

Questions for Panelists:

- 1.) Did you spend more time, less time, or about the same amount of time on this year's audit?
- 2.) Were there any questions or requests in your most recent audit that surprised you?
- 3.) Which part or parts of the audit tend to occupy most of your time and attention?

How Do YOU Prepare?



1. Understanding the Audit Scope and Objectives
2. Organize Documentation
3. Review Compliance Requirements
4. Perform Internal Audits
5. Communicate with Key Stakeholders
6. Train Staff
7. Designate a Point of Contact
8. Conduct Mock Audits
9. Maintain Transparency and Effective Communication
10. Follow Up

New Regulations

- Financial Value Transparency and Gainful Employment
- Gainful Employment Program Length (“150% Rule”)
- Financial Responsibility (New Triggers)
- 90/10 Changes
- 2024-2025 Pell Calculation Changes
 - Enrollment Intensity
 - NEW Rounding Rules
- (GENERAL-24-39) Guidance on Aid Awards Using ISIRs Affected by Errors

Documentation of decision: Institutions that choose to award and disburse Title IV, HEA funds based on the original ISIR data in these circumstances must document and maintain a record of the decision in the student file, including the original 2024-25 ISIR on which the school bases its award and the reprocessed record that demonstrates a lower amount of aid eligibility.

Questions?