

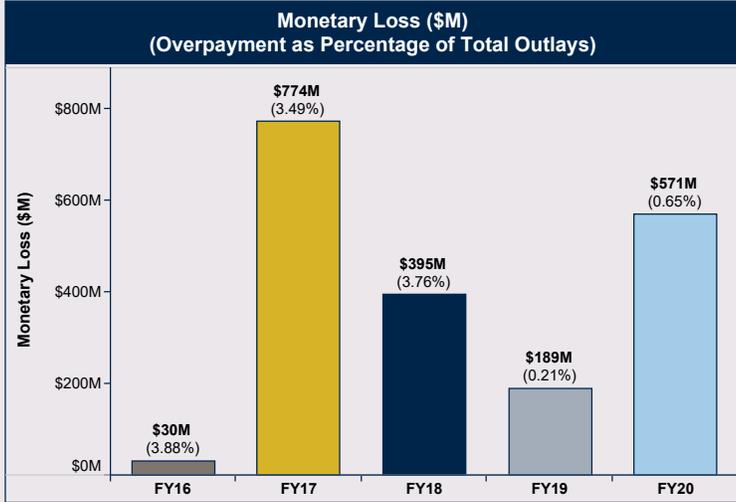
Payment Integrity Scorecard

Program or Activity Direct Loan	Reporting Period Q4 2021
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Change from Previous FY (\$M)	\$382M	
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ED
Direct Loan

Brief Program Description:
The Direct Loan program, added to the Higher Education Act of 1965 (HEA) in 1993 by the Student Loan Reform Act of 1993, authorizes the Department to make loans through participating schools to eligible undergraduate and graduate students.



Key Milestones		Status	ECD
1	Develop mitigation strategies to get the payment right the first time	On-Track	Nov-22
2	Evaluate the ROI of the mitigation strategy	On-Track	Nov-22
3	Determine which strategies have the best ROI to prevent cash loss	On-Track	Nov-22
4	Implement new mitigation strategies to prevent cash loss	On-Track	Nov-22
5	Analyze results of implementing new strategies	On-Track	Nov-22
6	Achieved compliance with PIIA	On-Track	May-22
7	Identified any data needs for mitigation	On-Track	Nov-22

Goals towards Reducing Monetary Loss			Status	ECD
1	Q4 2021	FSA continues to utilize and promote the IRS Data Retrieval Tool, which enables Title IV student aid applicants and, as needed, parents of applicants, to transfer certain tax return data from an IRS website directly to their FAFSA.	Completed	Nov-21
2	Q4 2021	Coordinate with OMB to request updates to the OMB Compliance Supplement to further enhance and refine auditor requirements, including sampling requirements.	On-Track	Dec-21

Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 Recovery Activity	ED will continue to collect monies from vendors against the accounts receivable established and, if/as necessary, pursue collection.	ED has established an integrated system of complementary oversight functions to help detect and recover improper payments and ensure compliance by all participating parties. When an improper payment is detected and deemed collectable, FSA establishes an a
2 Recovery Activity	ED will continue to collect monies from schools against the accounts receivable established for assessed liabilities resulting from program reviews and, if/as necessary, pursue collection.	As part of its oversight activities, FSA performs program reviews of selected schools to confirm FSA requirements for institutional eligibility, financial responsibility, and administrative capability were met. For errors identified in performance, FSA as
3 Recovery Activity	ED will continue to collect monies from schools against the accounts receivable established for assessed liabilities resulting from compliance audits and, if/as necessary, pursue collection.	FSA also reviews the annual Single Audit Act compliance audits of schools performed by independent auditors to evaluate schools administration of FSA programs. For deficiencies identified by the auditors, schools are required to develop corrective act

Accomplishments in Reducing Monetary Loss			Date
1	FSA made substantive revisions to Volume 1 and the Application and Verification Guide of the 2021-2022 Federal Student Aid Handbook, including changes to 2021-2022 Verification Requirements.		Jul-21
2	FSA published in the Federal Register final regulations on innovation issues, including changes to the return of Title IV Funds (R2T4) Requirements effective July 01, 2021 unless early implemented by institutions.		Aug-21
3	ED has designated Treasury under section 483(a)(3)(E) of the HEA, as an entity that may use FAFSA data. FAFSA data may only be used for the application, award, and administration of HEA, Title IV aid, State aid, or other aid awarded by institutions.		Sep-21

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$553M	Administrative or process errors made by: others (participating lender, health care provider, or other organization administering Federal dollars)	Incorrect processing of student data by institutions; student account data changes not applied/processed correctly; satisfactory academic progress not achieved; incorrectly calculated return of student aid funds; and processing errors by servicers.	Training	In aggregate, Federal Student Aid assumes that improved accuracy of income verification will reduce improper payments.
\$18M	Failure to verify: financial data	Specific root causes include, but are not limited to, ineligibility for a Direct Loan and incorrect self-reporting of an applicant's information that leads to incorrect awards based on Expected Family Contribution.	Automation; Change Process; Cross Enterprise Sharing	In aggregate, Federal Student Aid assumes that reduction in school and other third party administrative errors will reduce improper payments.

Monetary Loss - Monetary loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.