



**Independent Accountant's Report on Management's Assertions on  
Compliance With Specified Requirements Applicable to the  
Federal Student Financial Assistance Programs**

RSM US LLP

To the Board of Directors  
National Student Clearinghouse  
Herndon, Virginia

We have examined management's assertions, listed below, that National Student Clearinghouse and Affiliate (the Clearinghouse) complied with specified compliance requirements regarding Reporting (Student Status Confirmation Reports), Servicer Eligibility and Servicer's Systems and Internal Control listed in Sections II and IV of the U S Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, relative to participation in the Federal Student Financial Assistance Programs during the year ended June 30, 2016. Management is responsible for the Clearinghouse's compliance with those requirements. Our responsibility is to express an opinion on management's assertions regarding the Clearinghouse's compliance based on our examination.

Our examination was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, attestation standards established by the American Institute of Certified Public Accountants; and the Audit Guide, *Audits of the Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers* January 2000 Revision (the SFA Guide), issued by the U.S. Department of Education (ED), Office of the Inspector General, and accordingly, included examining, on a test basis, evidence about the Clearinghouse's compliance with the above requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clearinghouse's compliance with specified requirements.

Management provided us with the following assertions:

- The Clearinghouse materially complied with the Reporting requirements (Student Status Confirmation Reports, or SSCR), listed in Section II of ED SFA Guide as applicable to their customers.
- The Clearinghouse complied with Third-Party Eligibility compliance requirements listed in Section IV of the ED SFA Guide.
- The Clearinghouse has established systems with internal control to assure compliance with requirements listed in Section II of the ED SFA Guide for those services which it provided.

In our opinion, management's assertions that the Clearinghouse complied with the aforementioned requirements for the year ended June 30, 2016, are fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Directors and management of the Clearinghouse, the U.S. Department of Education, and service users of the Clearinghouse and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

McLean, Virginia  
October 6, 2016

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# NATIONAL STUDENT CLEARINGHOUSE®

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October 6, 2016

U.S. Department of Education  
Case Management & Oversight Data Management & Analysis Division  
Document Receipt & Control Center  
830 First Street, NE Room 7111  
Washington, DC 20002-5402

We are providing you with the following assertions relating to our compliance with the specified compliance requirements regarding Reporting, Perkins Loan and Servicer Eligibility listed in the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, relative to participation in the Federal Student Financial Assistance Programs during the year ended June 30, 2016. The National Student Clearinghouse is required to comply with the requirements that govern student financial assistance programs and that relate to the compliance categories denoted as "Responsibility of the National Student Clearinghouse" in the assertions below.

The following assertions are made to you in order to comply with the reporting requirements of U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, issued by the U.S. Department of Education, Office of Inspector General, January 2000 Revision (the ED SFA Guide). These assertions are based on regulations of the programs which are contained in 34 CFR 668 and 674 as referenced within the ED SFA Guide.

1. It was the responsibility of our institutional clients to comply with the Institutional Eligibility and Participation compliance requirements listed in Section II of the ED SFA Guide, as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional clients to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.
2. We complied with the reporting requirements over Student Status Confirmation Reports (SSCR) listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. It was the responsibility of our institutional clients to ensure that the information given to us for reporting was reliable as of June 30, 2016, and for the year then ended. It was our responsibility to ensure that SSCR information received remained reliable and was presented in accordance with the terms of applicable agreements, with which we complied.
3. It was the responsibility of our institutional clients to comply with the Student Eligibility compliance requirements listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional client to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.
4. It was the responsibility of our institutional clients to comply with the disbursements compliance requirements listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional clients to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.
5. It was the responsibility of our institutional clients to comply with the refund compliance requirements listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional clients to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.
6. It was the responsibility of our institutional clients to comply with the Grant Administration and Payment System (GAPS) and Cash Management compliance requirements listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional clients

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to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.

7. It was the responsibility of our institutional clients to comply with the Perkins Collections Due Diligence, NSLDS, and, if applicable, Default Management and/or Liquidation compliance requirements listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional clients to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.
8. It was the responsibility of our institutional clients to comply with the close out compliance requirements listed in Section II of the ED SFA Guide as of June 30, 2016, and for the year then ended. As such, it was the responsibility of our institutional clients to maintain effective internal control over compliance with those ED SFA Guide requirements listed in Section II.
9. We complied with the third-party eligibility compliance requirements listed in Section IV of the ED SFA Guide. In so complying, we assert that, under the proceedings of 34 CFR 668 Subpart G:
  - a. We have not been limited, suspended, or terminated by the Secretary as of June 30, 2016, or within the preceding five years.
  - b. We have not, during the two most recent audits, had a finding that resulted in the Clearinghouse being required to repay an amount greater than five percent of the funds that Clearinghouse administered under Title IV programs, for any award year.
  - c. We have not been cited as of June 30, 2016, or during the preceding five years for failure to submit required audit reports in a timely fashion.
  - d. We have not been subject to a termination action and neither we, nor one or more persons or entities that exercise substantial control over the Clearinghouse, nor both:
    - i. Failed to submit financial guarantees in an amount determined to be sufficient to satisfy potential liabilities arising from Clearinghouse's administration of Title IV, Higher Education Act of 1965 (HEA) programs, and
    - ii. Failed to agree to be jointly and severally liable for any liabilities arising from the Clearinghouse's administration of the Title IV, HEA programs and civil and criminal monetary penalties authorized under Title IV of the HEA.
10. In contracts with our institutional clients, we have agreed:
  - a. To comply with all statutory or regulatory provisions, and special arrangements, agreements, limitations, suspensions, and terminations entered into under Title IV, HEA programs.
  - b. To refer to the ED Office of Inspector General for Investigations any information indicating there is reasonable cause to believe either of the following:
    - i. Our institutional clients might have engaged in fraud or other criminal misconduct in connection with the institution's administration of any Title IV, HEA program.
    - ii. An applicant for Title IV, HEA program assistance might have been engaged in fraud or other criminal misconduct in connection with his or her application.
  - c. To be jointly and severally liable with our institutional clients for any violation by the Clearinghouse of any statutory or regulatory provisions, and special arrangements, agreements, limitations, suspensions, and terminations entered into under Title IV, HEA programs.

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11. There were no terminated contracts with institutional clients, for which the Clearinghouse was required to return to the institutional clients all records in the Clearinghouse's possession pertaining to the institution's participation in the program or programs for which services are no longer provided.
12. The Clearinghouse has established systems with internal controls that ensured compliance with requirements listed in Section II of the ED SFA Guide for those services, which it provided as of June 30, 2016, and for the year then ended. Clearinghouse management is responsible for the effectiveness of the Clearinghouse's internal control structure and for evaluating its effectiveness using reasonable criteria, such as those established by Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.
13. For those guarantors who have entered into the Clearinghouse's process known as Total Enrollment Reporting process (TERP):
  - a. It is the responsibility of the guaranty agency to provide the Clearinghouse with all enrollment information that it receives.
  - b. We complied with the guarantor's requirements to submit changes in enrollment status to lenders, as described in 34 CFR 682.401(b)(20), for the year ended June 30, 2016.

To the best of our knowledge and belief, the foregoing assertions are true and accurate. Management of the National Student Clearinghouse recognizes that it is responsible for compliance with the aforementioned requirements.

Sincerely,



Ricardo Torres  
President & CEO

**National Student Clearinghouse And Affiliate**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016**

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None noted for fiscal year ended June 30, 2016.

**Note:** Summary schedules A, B and C have not been submitted as they do not apply to the Clearinghouse.

The definition of material noncompliance is as follows:

Student Status Confirmation Reports – findings in the sample resulting in an error in reporting would be considered a material instance of noncompliance,

Servicer Eligibility – any finding for this attribute would be considered an instance of material noncompliance, and

Servicer's Systems and Internal Control – findings encountered with internal control requirements would be considered material instances of noncompliance.

## **National Student Clearinghouse And Affiliate**

### **Summary Schedule of Prior Findings and Questioned Costs Year Ended June 30, 2016**

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Finding 2015-001: Student Status Confirmation Reports (SSCR)

*Condition:* During the fiscal year ended June 30, 2015, the Clearinghouse did not submit SSCR error response files in a timely manner for three schools in May 2015 and six schools in June 2015. The *ED SFA Guide* requires SSCR error responses be submitted within ten days of receipt of the Error Notification File. The lack of response was due to an internal software issue, the Clearinghouse thought files were sent and were awaiting response from NSLDS on the status of the files sent on behalf of the schools. The lack of response was identified by management of the Clearinghouse.

*Status:* Finding 2015-001 has been resolved.

**National Student Clearinghouse And Affiliate**

**Corrective Action Plan  
Year Ended June 30, 2016**

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There were no findings in the current period.



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Ricardo Torres  
Chief Executive Officer

703.742.4200