

April 13, 2017

Gilbert Tran
Office of Federal Financial Management
U.S. Office of Management and Budget
New Executive Office Building, Room 6025
Washington, DC 20503

Dear Mr. Tran:

Thank you for the opportunity to comment on the revised audit objective text that you shared via email on April 5, 2017, for “§14. Securing Student Information” of the “Student Financial Assistance (SFA) Cluster, Special Tests and Provisions” contained in the *2017 Compliance Supplement Vett Draft*.

The new proposed text represents a significant improvement as compared to the prior draft. However, we strongly urge to you delay implementation of the audit objective until FY18. Introducing the objective into the FY17 audit process at this late date could create substantial confusion and disruption.

EDUCAUSE, the National Association of College and University Business Officers (NACUBO), the Council on Governmental Relations (COGR), and the National Association of Student Financial Aid Administrators (NASFAA)¹ commend the Office of Management and Budget (OMB) and the U.S. Department of Education (ED) Office of Federal Student Aid (FSA) for their responsiveness to the concerns raised by our associations, as well as those raised by the National State Auditors Association (NSAA) of the National Association of State Auditors, Comptrollers and Treasurers (NASACT)², the American Institute of Certified Public Accountants (AICPA), and the American Council on Education (ACE)³ (submitted on behalf of itself and five other major higher education presidential associations).

Our four organizations agree that the revised audit objective text that you shared with us (“Securing Student Information Final Draft 4 5 2017.docx”) reflects a more appropriate set of audit criteria than the initial version about which we wrote to you on March 29, 2017. Our consultations with NSAA/NASACT and AICPA (copied) indicate that they would likely share this view. However, NSAA stated the following in its February 17, 2017, letter:

As a result of the importance of securing information technologies, we believe that OMB should take a measured, well thought-out approach for incorporating the testing of securing information technologies into the single audit

¹ For information about our associations, please see our letter to OMB about the proposed Safeguards Rule audit objective dated March 29, 2017: <https://library.educause.edu/~media/files/library/2017/4/fsaaudit32917.pdf>

² Please see: <https://goo.gl/OyxXMB>

³ Please see: <http://www.acenet.edu/news-room/Documents/Letter-OMB-Audit.pdf>

*environment. It may be best for OMB to remove the new audit objective this year and not include it in future versions of the 2017 Compliance Supplement. Removing it will provide time for OMB to take a leadership role and work with federal awarding agencies, the audit community, and other stakeholders to incorporate the testing of securing information technologies into the single audit environment.*⁴

The wisdom of this recommendation is particularly applicable in the context of the Gramm-Leach-Bliley Act (GLBA) Safeguards Rule audit objective proposed by FSA. By existing law and regulation, the Federal Trade Commission (FTC) is the enforcement agency for higher education Safeguards Rule compliance. The introduction of audit criteria by FSA separate and apart from FTC enforcement criteria creates the potential for conflicts in information security compliance guidance and enforcement. Higher education institutions could find such conflicts difficult to manage and thus need time to address possible issues.

At a minimum, a delay would provide auditors and institutions with the time necessary to reach a shared understanding of the documentation and formats in which the relevant information must be provided. This is necessary to ensure consistency in audits across institutions as well as to limit the potential for adverse audit findings based not on actual compliance deficits, but rather on disconnects in providing the right information in the right way. Formal auditing for Safeguards Rule compliance has not been a requirement for higher education to this point, so a pre-existing, generally applicable framework for related documentation is not currently available.

In addition, preparations by auditors and institutions for the FY17 single audit are already well underway. Introducing the new audit objective at this point in time will result in unexpected shifts in human and financial resource allocations, redirecting funds to audit teams that were intended for other uses. Audit budgets and plans are typically established months or even a year in advance and field work starts long before the close of the fiscal year, which for FY17 is now just weeks away. These factors make the issue of establishing the appropriate ways in which to document compliance for audit purposes – and ensuring they are well understood by both institutions and auditors – non-trivial.

Our organizations again thank OMB and FSA for the substantive changes made in the proposed Safeguards Rule audit objective, but we urge you to target FY18 for implementation to avoid disrupting ongoing FY17 audit activities. Please let us know if further dialogue with you would help in resolving this issue and ensuring effective audit processes both now and in the future.

Sincerely,



Liz Clark
Director, Federal Affairs
NACUBO
lclark@nacubo.org

⁴ Martha Mavredes, NSAA, February 17, 2017, "Attachment: Student Financial Assistance (SFA) Programs, Special Tests and Provisions, No. 14," p. 4 (<https://goo.gl/OyxXMB>).



Jarret Cummings
Director, Policy and Government Relations
EDUCAUSE
jcumings@educause.edu



David Kennedy
Director, Costing Policies
COGR
DKennedy@COGR.edu



Megan McClean Coval
Vice President, Policy and Federal Relations
NASFAA
mccleanm@nasfaa.org

cc:

Mark A. Reger, U.S. Office of Management and Budget (Mark_A_Reger@omb.eop.gov)

Victoria W. Collin, U.S. Office of Management and Budget (Victoria_W_Collin@omb.eop.gov)

R. Kinney Poynter, Executive Director, National Association of State Auditors, Comptrollers and Treasurers (kpoynter@nasact.org)

Mary Foelster, Director, Governmental Auditing and Accounting, American Institute of Certified Public Accountants (Mary.Foelster@aicpa-cima.com)