March 30, 2017

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

On behalf of the associations listed below, representing the presidents of every sector of American higher education, we write to express our strong concerns with the changes to audit requirements detailed in the 2017 Compliance Supplement Vett Draft.

Specifically, as the representatives of colleges and universities, we are concerned that the U.S. Department of Education’s (ED’s) proposed audit objective as detailed in the Student Financial Assistance (SFA) Cluster Special Tests and Provisions §14, Securing Student Information of the draft represents an unnecessary and burdensome new requirement on institutions that will do nothing to improve the security of student information. Institutions are already subject to the mandates of both the Family Educational Rights and Privacy Act (FERPA) and the Federal Trade Commission’s Safeguards Rule issued under Gramm-Leach-Bliley, and nothing in this provision would meaningfully enhance the security institutions are required to maintain as a result.

On the contrary, the audit objective would require auditors to evaluate institutional information security using subjective criteria in an area outside their primary expertise. Such a move would necessitate the retention of specialized information technology (IT) auditors to ensure meaningful compliance, yet provide no additional assurances to the public, as the lack of objective audit criteria would still generate variability, and thus non-comparability, across institutional audits.

The problems this change would create are exacerbated by the short timeframe for implementation. Potentially introducing it for FY17 audits would force institutions to retain specialized auditors late in their fiscal cycles when this additional cost had not been anticipated. The National State Auditors Association (NSAA), in its February 17, 2017 comment letter to you found the average salary for an IT auditor to be approximately $73,670. Including such a specialist in the audit process could raise the associated expense by thousands of dollars, which few institutions could easily accommodate at such a late date, even assuming such expertise was immediately available to them.

1http://nasact.membershipsoftware.org/files/Federal_Relations/Congressional_Reg_Comments/2017_02_17_Securing_Student_Information.pdf p.6
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Finally, such a move runs directly counter to the Administration’s strong interest in minimizing regulatory burden and the associated costs to impacted parties. For these reasons, we strongly urge you to strike this audit objective for the 2017 single audit and work with the higher education community to develop a viable approach for addressing this issue moving forward.

Sincerely,

Molly Corbett Broad
President

On behalf of:

American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Public and Land-grant Universities
National Association of Independent Colleges and Universities