

# Who is Responsible . . . the Financial Aid Office or the Business Office?

U.S. Department of Education  
2015 MSURSD Spring/Summer Training

**Federal Student Aid**  
*An OFFICE of the U.S. DEPARTMENT of EDUCATION*

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# The Network of Responsibilities

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Managing FSA program funds is a **school-wide** responsibility.

FSA program funds are provided to the school, and all offices at a school must work together to ensure successful program management.

# The Network of Responsibilities

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A school's FSA program management generally takes place in three functional areas:

- the Office of the Chief Executive (CEO, President, or Chancellor, etc.),
- the Chief Financial Aid Officer, and
- the Chief Business Officer

# The Network of Responsibilities

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## The CEO's office

- **Ultimate responsibility** for a school's FSA programs resides with the school's CEO
- Authority and responsibility are delegated to other offices, the leadership and support of the CEO are crucial to successfully administering FSA programs
- CEO leadership can foster an environment that promotes an effective and responsive financial aid program that meets institutional goals, students' needs, and federal requirements

# The Network of Responsibilities

## The Financial Aid office

- While a school's Financial Aid Office is usually assigned most of the responsibility for administering FSA programs, its role in the institution's fiscal operation is a limited one.
- In some cases, functions such as loan counseling might be performed by the Business Office instead of the Aid Office.

# The Network of Responsibilities

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## Responsibilities commonly assigned to a school's Financial Aid office

- Advise and counsel students and parents about financial aid
- Provide students with consumer information
- Develop written policies and procedures
- Determine students' eligibility
- Make financial aid awards
- Adhere to the principle of separation of functions

# The Network of Responsibilities

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- Coordinate financial aid activities with those of other school offices
- Interact with various outside groups, agencies, associations, and individuals
- Monitor students' (SAP)
- Maintain school records and student records that document the administration of the financial aid office and provide data for reports

# The Network of Responsibilities

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- Keep current on changes in laws and regulations to ensure that the school remains in compliance
- Assist in reporting program expenditures
- Manage and report on activities that involve financial aid funds
- Calculate the return of Title IV funds and,
- If it applies, authorize post-withdrawal disbursements to students

# The Network of Responsibilities

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- Assist in reconciling loan records
- Reconcile student financial aid data provided to the business office to ensure;
  - all payments have been made,
  - return of FSA funds have been accounted for, and
  - expenditures have been reported
- Have a procedure to report any changes to ED about the school's current eligibility status

# The Network of Responsibilities

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- Perform (**limited**) **fiscal operations**, such as:
  - authorizing payment of FSA funds to student
  - authorizing return of Title IV funds to program accounts and post-withdrawal disbursements to students
  - notifying a student who owes an overpayment
  - notifying ED of the overpayment
  - coordinating submission of FISAP

# The Network of Responsibilities

## The Business Office

- Most FSA related fiscal operations are handled by a school's Business Office.
- May also be known as the fiscal office, finance office, comptroller's office, bursar's office, treasurer's office, or student accounts office.

# The Network of Responsibilities

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- The **Business Office** provides critical services to the school in managing both federal and nonfederal financial aid programs.
- Administering the accounting, recordkeeping, and reporting functions related to the school's use of federal and other funds.
- Strong internal controls and sound business and financial management practices are keys to the success of these operations and delivering funds to students.

# The Network of Responsibilities

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# The Network of Responsibilities

## Responsibilities commonly assigned to a school's Business Office

- Coordinate activities and cooperate with the Financial Aid Office in:
  - projecting cash needs
  - processing cancellations and institutional refunds
  - obtaining authorization to pay FSA funds
  - being aware of the changes in FSA laws and regulation
  - submitting accurate and timely reports
  - reconciling Title IV Funds

# The Network of Responsibilities

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- Maintain a system of internal controls that includes adequate checks and balances
- Ensure that the functions of authorizing and disbursing FSA funds remain separate
- Maintain records consistent with Generally Accepted Accounting Principles (GAAP), and government auditing standards
- Maintain records to ensure a clear audit trail
- Draw down and return FSA funds to program accounts

# The Network of Responsibilities

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- Disburse funds to eligible students from FSA program accounts
- Maintain a system of student accounts that records charges, credits, and amounts due
- Collect Federal Perkins Loans1
- Calculate the return of Title IV funds, and
- If it applies, authorize post-withdrawal disbursements to students2
- Establish and implement the institution's refund policy (if required by the school's accrediting or state agency)2

1. At some schools, a separate student loan office collects these loans.

2. At some schools, the financial aid office performs this function.

# The Network of Responsibilities

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- Process return of Title IV funds
- Assist in reporting FSA expenditures to the Department in a timely manner
  - Reconcile accounts, including:
    - reconciling cash between school records and bank
    - reconciling federal funds between bank statements and federally reported balances
    - Internal reconciliation of Business Office disbursement records with the Financial Aid Office authorized records

# The Network of Responsibilities

- Assist in completing FISAP
- Maintain a cash management system
- Provide general stewardship for federal funds
- Prepare for and participate in FSA program reviews and audits
- Before making a first disbursement of Direct Loan or Perkins Loan funds, confirm that new borrowers have completed entrance counseling(2)

**2. At some schools, the financial aid office performs this function.**

# The Separation of Functions

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## Separation of Duties,

- To accomplish separation of duties,
  - Duties are divided among different individuals to reduce the risk of error or inappropriate action
  - In general, responsibility for related transactions should be divided among employees so that one employee's work serves as a check on the work of other employees.

# The Separation of Functions

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- The functions must be performed by;
  - individuals who are not members of the same family,
  - who do not together exercise substantial control over the school, and
  - who are organizationally independent.
- If a school performs these functions via computer,
  - no one person may have the ability to change data that affect both the authorization and disbursement of FSA funds.

# Fiduciary Responsibility

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- Schools have a responsibility to:
  - Safeguard FSA funds
  - Ensure FSA funds are used for intended purposes
  - Maintain records of the eligibility of each Title IV aid recipient and the amount and date of each posting or return of aid
  - Return funds on student's behalf to loan programs
  - Return to ED funds that cannot be used as intended

# Title IV Processing Systems

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- COD (Common Origination & Disbursement)
  - Direct Loans
  - TEACH Grants
  - Pell Grants
  - IASG (Iraq Afghanistan Service Grant)
- eCB (electronic Campus Based)
  - SEOG (Supplemental Economic Opportunity Grants)
  - FWS (Federal Work-Study)

# Drawing Funds

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- Authorization/CFL vs. Available funds
  - Authorization refers to the total amount of aid made available to date for the entire award year for that award- may include funds already drawn
  - Available funds refer to the authorization minus funds already drawn
- Funds may only be drawn based on immediate need, i.e. what will be disbursed or has already been disbursed

# Cash Management



- 15 day reporting requirement for disbursements and disbursement adjustments
- Federal Register published July 11, 2014
  - An institution must submit Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan, and TEACH Grant disbursement records, as applicable, no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement
  - 34 CFR 668.164(a), "Title IV funds are disbursed on the date that the institution: (a) Credits those funds to a student's account in the institution's general ledger or any sub ledger of the general ledger, or (b) pays those funds to a student directly. Title IV funds are disbursed even if an institution uses its own funds in advance of receiving program funds from the Secretary"

# Title IV Excess Cash

- Schools must disburse Title IV funds to a student within 3 business days of receiving the funds in its federal funds bank account
- Title IV funds that are not disbursed before this deadline are Title IV excess cash and must be returned immediately
- In some cases, funds may be held
  - additional 7 calendar days
  - *Blue Book* volume 5 page 24
- **Schools may NOT hold additional funds while reconciling accounts**



# Adjusting Funds

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- Adjusting of funds not allowed in G5 for Campus-Based
  - Adjust via the FISAP
  - Adjustments and corrections can be made for up to 5 years
  - Contact the eCB help desk for assistance
- G5 adjustment of funds for Pell, Direct Loans, or TEACH
  - Only allowed to correct either a draw or return of funds to the incorrect award year or program
  - Should be made as soon as possible
  - NEVER allowed for reconciliation

# How to Refund Funds

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- All programs - ELECTRONICALLY via G5
  - 2014-15 *FSA Handbook*, Volume 4 Chapter 4
  - *Blue Book*, Volume 5 Chapter 5
- Paper checks will no longer be accepted for Direct Loans after December 31, 2014
- <http://ifap.ed.gov/eannouncements/022614DLProcessingInfoDiscontinPaperCheckProcessDLRefundsCashBeginJan12015.html>

# How to Refund Funds

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- If exceptional circumstances require your school to refund Grant funds via paper check
  - Make check payable to U.S. Department of Education
  - Use a separate check for each award/year
  - Note the school's DUNS # and award number (i.e., P063P14####) on the front of the check
  - U. S. Department of Education, PO Box 979053, St. Louis, Missouri, 63197-9000

# Reconciliation Requirements

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- Monthly reconciliation **REQUIRED** for Direct Loans, TEACH, FWS, and SEOG
- Regular reconciliation recommended for all programs
  - Why?
    - Identifies issues with meeting other cash management and disbursement reporting requirements
    - Demonstrates administrative capability

# Reporting Requirements

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- Schools are required to report data to the U.S. Department of Education (ED) as a condition of administering Federal Student Aid.
- Reporting is a school-wide responsibility although some duties may be business office or financial aid office functions specific.
- There is overlap between information schools disclose to the public and information they report to the ED.
- All offices must work together to ensure timely and accurate reporting for each academic year.

# Why is Timely Reporting Important?

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Timely and accurate reporting is important to:

- Maintain compliance with Federal Regulations.
  - Penalties for non-compliance may include fines and suspension from participation in Title IV Programs.
- Assure quality of information to the public.
  - Data and product information is reported and available as good consumer information to the public.

# FA Office-Reporting Responsibilities

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- Provide data reports to maintain student and school records to document the administration of financial aid.
- Report FSA Program expenditures to ED.
- Notify students who owe overpayments as a result of withdrawal from school. Report any overpayments to ED.
- Devise procedures to report any school eligibility status changes to ED.
- Coordinate submission of FISAP to ED to report financial aid from previous year and application for continued participation in FSA.
- Provide students with consumer information about financial aid.

# Business Office Reporting Responsibilities

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- Assist in reporting FSA expenditures to ED in a timely fashion.
- Ensure that Federal Perkins Loan funds are administered properly from promissory note to repayment and reporting to NSDLS.
- Assist in completing applications, fiscal reports for financial aid, and the FISAP.

# The Laws & Regulations

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- 34 CFR 668, Subpart K - Financial management systems
- 34 CFR 668.16(c)(1) - Checks and balances
- 34 CFR 674.19(a) - Checks and balances
- 34 CFR 675.19(a) - Checks and balances
- 34 CFR 676.19(a) - Checks and balances
- 34 CFR 668.16(c)(2) - Separating of functions

# Cash Management Guides/Resources

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- G5 Help Desk
  - **Phone:** 888-336-8930 / 8:00 a.m. - 6:00 p.m. (ET)  
**E-mail:** [edcaps.user@ed.gov](mailto:edcaps.user@ed.gov)
- eCampus Based Help Desk
  - **Phone:** 877-801-7168 / 8:00 a.m. - 8:00 p.m. (ET)  
**E-mail:** [CBFOB@ed.gov](mailto:CBFOB@ed.gov)
- COD Help Desk / 8:00 a.m. - 8:00 p.m. (ET)
  - **Grant Programs:** 800-474-7268/ **Direct Loan Program:** 800-848-0978
  - **Foreign Schools:** 571-392-3737  
**E-mail:** [CODSupport@ed.gov](mailto:CODSupport@ed.gov)

# Cash Management Guides/Resources

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## *FSA Handbook - Volume IV*

- <http://ifap.ed.gov/fsahandbook/1415FSAHbkVol4.html>

# Summary

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## In Conclusion;

- Managing FSA Funds is a **school-wide** responsibility.
- FSA program funds are provided to the school, and  
All offices at a school must work together to ensure successful program management
- Other Institutional offices are involved in implementing Title IV requirements as well ( to include Registrar, Academics, IT, Security, Admissions, and many others), **however**, the Primary responsibility rests with the CEO, CFO, and the FAD.

# QUESTIONS?

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