Student Business Services: An Important Part of the Compliance Team

By Anne Gross

A perennial favorite at the Department of Education’s Federal Student Aid conference each fall focuses on the “top 10” audit and program review findings over the previous year. There is remarkable consistency in these lists, both between the two types of reviews and the items appearing on the list from year to year. From 2015 through 2018, five findings appeared on both lists each year:

• Verification
• Return to Title IV Funds (R2T4) calculations
• National Student Loan Data System (NSLDS) roster reporting
• Student credit balance refunds
• Entrance and exit counseling

What strikes you about this list? Anyone familiar with financial aid regulations will know that most of these involve complicated and sometimes confusing requirements and tight timeframes. Fair enough—these are challenging areas so it’s not surprising that they should end up on a list of common violations.

Another key takeaway is that, except for verification, the financial aid office is often not responsible, or solely responsible, for these functions. The student business services office (varyingly known as the bursar, student accounts, student financial services) plays an important role in assuring regulatory compliance. This office disburses aid to students, by crediting student accounts and paying credit balances to the student, and must ensure that students have completed entrance counseling before loans are paid. When students leave the institution, student business services most often is responsible for exit counseling and, at some schools, for calculating how much Title IV aid must be returned to ED for students who withdraw before completing a term. It must also report to NSLDS on student progress repaying Perkins loans. The registrar’s office is also vital to tasks such as enrollment reporting and alerting appropriate offices when students withdraw.

Other compliance issues that turn up in the “top 10” for program reviews involve additional administrative offices, including those responsible for crime reporting, consumer disclosures, drug abuse prevention, and more.

Typical Errors

Knowing the types of shortcomings that auditors and reviewers routinely find can help institutions better focus their compliance efforts. Looking at the areas involving student business services, ED presenters highlighted the following concerns.

> R2T4 Calculations

When a student receiving Title IV aid withdraws before completing at least 60 percent of the period of enrollment, the school needs to calculate how much aid needs to be returned to ED. Counting days is vital: schools were cited both for using the incorrect number of
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were also cited for not paying credit balances to students within 14 days. Sometimes students want the school to hold their credit balance, but schools were faulted for relying on authorizations that did not meet regulatory requirements and failing to pay the funds to the student at the end of the loan period or award year. Schools may not hold funds, even with authorization past that point.

Due to the backward-looking nature of audits and program reviews, these results don’t include compliance with revised ED regulations governing credit balance refunds that took effect in July 2017. Those rules require institutions that have a relationship with a financial institution that offers bank accounts to students to comply with additional procedural safeguards to ensure that students aren’t coerced into opening an account, among other changes.

> Entrance/Exit Counseling
To make sure they understand the nature of the assistance and their responsibilities, student loan borrowers are required to take part in counseling when they first receive a federal loan and then again when they leave school and will need to begin repaying their loans. Today this counseling is often completed online, but some colleges encourage attendance at individual or group sessions. Common deficiencies involved the failure to conduct or document the required counseling, completing exit counseling late, or failing to mail materials to students who left without finishing the required counseling. Remember that counseling that is not documented doesn’t count when the auditor or reviewer checks.

Teamwork Required
Colleges and universities need to take a coordinated approach to compliance with ED requirements. This requires leadership from the top, particularly if the key offices involved report through different channels (which is not unusual). Communication and coordination between the financial aid director, the bursar, and the registrar is vital. Most importantly, don’t wait for external reviewers to find compliance issues—search for them proactively.

Learn More
ED’s Federal Student Aid (FSA) Training Conference for Financial Aid Professionals is offered each year shortly after Thanksgiving. Registration is free. Session recordings along with PowerPoint slides are posted to ifap.ed.gov shortly after the conference.

The IFAP website has a wealth of resources for schools, including the FSA Handbook, FSA Assessments providing a framework for testing for compliance, and online training.