Financial Aid Operations Checklist For Senior Administrators

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The concept for this checklist originated with an Advisory Council of College and University Presidents. Financial Aid Services developed this checklist at the Presidents' request. It serves as a simple guide to quickly identify potential problems and displays the factors that contribute to an efficient and effective financial aid operation.

The checklist addresses the items most frequently cited in audits and federal program reviews. Each item is followed by a set of "Good Practices" and a list of "Symptoms of Problems". If the institution is following the "Good Practices", the school is most likely managing and delivering student aid funds well. If symptoms or problems appear, there can be many causes and as many solutions. Identifying the problem and providing the solution that best meets the needs of the school can be challenging; but corrective measures should begin immediately.

Although the administration of financial aid is an institutional responsibility and involves many on- campus departments (Academic Advising, Admissions, Bursar, Counseling, Financial Aid, and Registrar), this checklist focuses primarily on the roles of the Bursar and Financial Aid offices. Please note: the checklist is not an all-inclusive list of financial aid requirements, it cannot serve as a substitute for the annual audit of the financial aid operation, and it cannot replace   a formal review of the institution's financial aid process.

With these points in mind, we are pleased to provide the following checklist and we hope it will stimulate positive dialogue on campus about the resources and collaboration needed to properly administer the federal financial aid programs. We welcome your insights and comments regarding the checklist. If you have questions or we can be a continued resource to you, please do not hesitate to contact us.

Robert Heil
Chief Executive Officer

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1 Timely processing of financial aid applications and awarding of aid.

Prospective students who file for financial aid by a priority deadline are awarded early enough to allow students to select their college and meet the payment deadlines. Continuing students are processed with reasonable turnaround time to ensure retention and meet tuition payment deadlines.

Good Practices Include:

❑ Communicating, both in print and electronically, about the federal aid application process, including filing a FAFSA online using an FSA ID and using the IRS Data Retrieval Tool.

❑ Providing friendly, well-informed financial aid or enrollment services staff to greet visiting students, communicate frequently through email and chat platforms, and receive phone calls addressing frequently asked questions and explaining the financial aid process in a way that is easy to understand.

❑ Posting consistent, clear statements by the financial aid, business, and registration offices of the financial aid filing deadlines, necessary documents, tuition payment deadlines, tuition payment options for late filers, and the registration timetable.

❑ Meeting student expectations of the turnaround time for processing financial aid applications, awarding aid, and originating loans.

❑ Utilizing effective and efficient document and file management systems for managing the financial aid operation.

❑ Managing technology platforms by skilled staff that adhere to a timetable for updating systems and new award year processing to ensure adequate time for setup, testing, and initiating early financial aid processing.

❑ Maintaining an adequate number of trained financial aid professionals and support staff to sustain the financial aid operation.

❑ Creating well-documented policies and procedures for processing and awarding student aid that are updated each award year or as regulations and policies change.

❑ Channeling an effective and efficient application review and awarding workflow.

Symptoms of a Problem:

❑ Long lines at the financial aid office of discontented aid applicants needing aid awards to make tuition payments.

❑ High inbound phone or email volume traffic in the financial aid office from students asking about the status of their financial aid application, loan request, and appeal for reinstatement of aid eligibility.

❑ Mounds of paper and files throughout the office, and complaints from students of duplicate requests for documents.

❑ An excessive number of issues being escalated to the President or other senior campus officials.

2 Timely disbursement of aid and refund of credit balances.

Aid is generally disbursed as of a scheduled census date(s) when aid recipients' enrollment statuses are determined, and awards are adjusted appropriately. Disbursed funds, including loan payments, are posted to students' accounts and credit balance refunds are issued within the timeframes established by federal cash management regulations.

Good Practices Include:

❑ Creating a disbursement timetable that accounts for tuition payment requirements as well as students' needs to cover educational expenses other than direct charges with refund monies.

❑ Making awards and processing student loans for all "on-time filers" before the census date.

❑ Confirming enrollment statuses and making associated award adjustments prior to releasing financial aid disbursements.

❑ Recording tuition and fee charges and bookstore authorizations before disbursement of aid as defined by institutional policies and procedures.

❑ Financial aid and business office personnel work cooperatively to coordinate a disbursement cycle, including the delivery of net loan proceeds, and to operate within the timeframes required by federal cash management regulations.

❑ Notifying students of their loans disbursements and their opportunity to decline loan proceeds within the federal regulation timeframe.

❑ Strictly enforcing refund policies and procedures and adhering to federal regulations controlling the timeframe for issuing credit balances to students.

❑ Submitting federal Pell Grant, Direct Loans, and Teach Grants disbursement records to Department of Education Common Origination and Disbursement (COD), for payment when funds are posted to student accounts.

❑ Drawing down of federal Pell, Direct Loans, Teach Grants and campus-based funds, by the business office, on a schedule that supports cash flow objectives.

Symptoms of a Problem:

❑ Long lines at the business office of discontented aid recipients questioning student account statements and asking for timely refund of credit balances.

❑ Complaints that credit balances are not issued and refunds are being held too long.

❑ Concern by the chief fiscal officer or controller that the institution has cash flow problems and cannot meet payroll and/or make other accounts payable obligations.

3 Timely return of federal unearned aid debited to student accounts, and no excess federal cash remaining in control accounts related to federal student aid.

Good Practices Include:

❑ Communicating effectively with federal aid recipients regarding the financial consequences of withdrawing from the institution before the end of the term, because unearned aid must be returned.

❑ Making public announcements throughout the year of the 60% date after which there is no return of aid required if a federal aid recipient withdraws during the term.

❑ Developing written policies and procedures of the Return of Title IV Funds (i.e., return of unearned federal aid for students that withdrew from the institution within the term prior to the 60% point in the term).

❑ Communicating and collaborating, on the procedures, among key administrators in records, student accounts, accounting, and financial aid.

❑ Creating customized weekly reports to identify federal aid recipients that "officially" withdraw, and timely calculation of unearned federal funds.

❑ Creating customized end of term reports to identify federal aid recipients that "unofficially" withdrew, determination of withdrawal date, and timely calculation of unearned federal funds.

❑ Clearly communicating with the business office on procedures for the return of unearned federal aid within the federally mandated timeframe.

❑ Developing procedures to avoid holding excess federal cash and daily monitoring to ensure timely return of funds within federally mandated timeframes.

Symptoms of a Problem:

❑ Academic culture that encourages students to withdraw from a course, rather than take a failing grade that would affect a student's grade point average. In addition, lenient academic policies regarding repeat course-taking.

❑ Lax enforcement of procedures to confirm attendance prior to disbursement of financial aid.

❑ Concern that the financial aid office is unable to properly identify students (i.e., aid recipients) that are considered "official" and "unofficial" withdrawals, per federal regulations, or is simply not requesting withdrawn student data.

❑ Audit findings that reflect the institution not (or incorrectly) calculating federal Return of Title IV unearned funds and/or the business office did not return the funds to the federal aid programs within the timeframe required by federal regulations.

❑ Concerns that there are poor cash controls and the College may be holding excess federal cash.

4   Monthly and year-end reconciliation of federal student aid accounts.

Good Practices Include:

- ❑ Thoroughly documenting and reporting controls in the financial aid and business office regarding reconciliation of federal student aid accounts.

- ❑ Concisely communicating the documented procedures on a monthly and end-of- year basis, regarding the process for reconciling student aid funds. These must include reconciling financial aid office disbursements, student accounts records, general ledger fund, related cash control accounts, external source accounts, such as, US Department of Education's (ED) Common Origination and Disbursement (COD) Pell Grant, and Direct Loan disbursement records, G5 draw down activity records, Direct Loan disbursement detail records, and student employment payroll registers/records.

- ❑ Conduct an annual planning session to review the financial aid reconciliation process and each office's responsibilities.

- ❑ Meticulous enforcement of monthly reconciliation of student aid funds.

Symptoms of a Problem:

- ❑ Reports at year's end that student aid accounts were either never reconciled, were not reconciled within the required timeframes, or funds were mismanaged.

- ❑ Complaints from one or more offices that there is no cooperation completing a "full" reconciliation of the student aid funds.

- ❑ Strife between the financial aid and business office personnel with no coordinated effort to manage federal funds.

- ❑ Disputes between financial aid and the business office over staff responsibilities and a lack of trust.

- ❑ Complaints of inadequate technology support to perform comparative analysis of disbursements, students' accounts, the general ledger, and other sources of data such as COD for Pell Grants and Direct loans, and payroll for Federal Work Study.

- ❑ Audit Findings that reflect monthly year end reconciliations was not completed.

- ❑ Letters from the Department of Education to the Presidents regarding program closeouts.

Timely reporting to Federal, State, Foundation, and other external agencies.

Good Practices Include:

❑ Developing an annual financial aid operations calendar that lists all reporting requirements and deadlines.

❑ Assigning departmental responsibility to submit required reports in a timely and accurate manner.

❑ Clearly communicating deadlines for data collection and report submission with responsible individuals identified.

❑ Crafting robust reports from all administrative systems to collect, aggregate and analyze data.

❑ Prioritizing reports that must be completed versus those of less immediate concern.

Symptoms of a Problem:

❑ Notifications that required reports to federal, state, and other external agencies are past due, with no advance warning and explanation from the responsible individual on campus.

❑ Complaints from the Foundation that data and reports are not timely and/or incomplete.

❑ Complaints from other administrative offices that the financial aid director is non- responsive to inquiries and requests for data.

❑ Technology support for the financial aid office, and other organizational units, is inadequate.

❑ Confusion among staff regarding the ownership of data and reporting responsibilities.
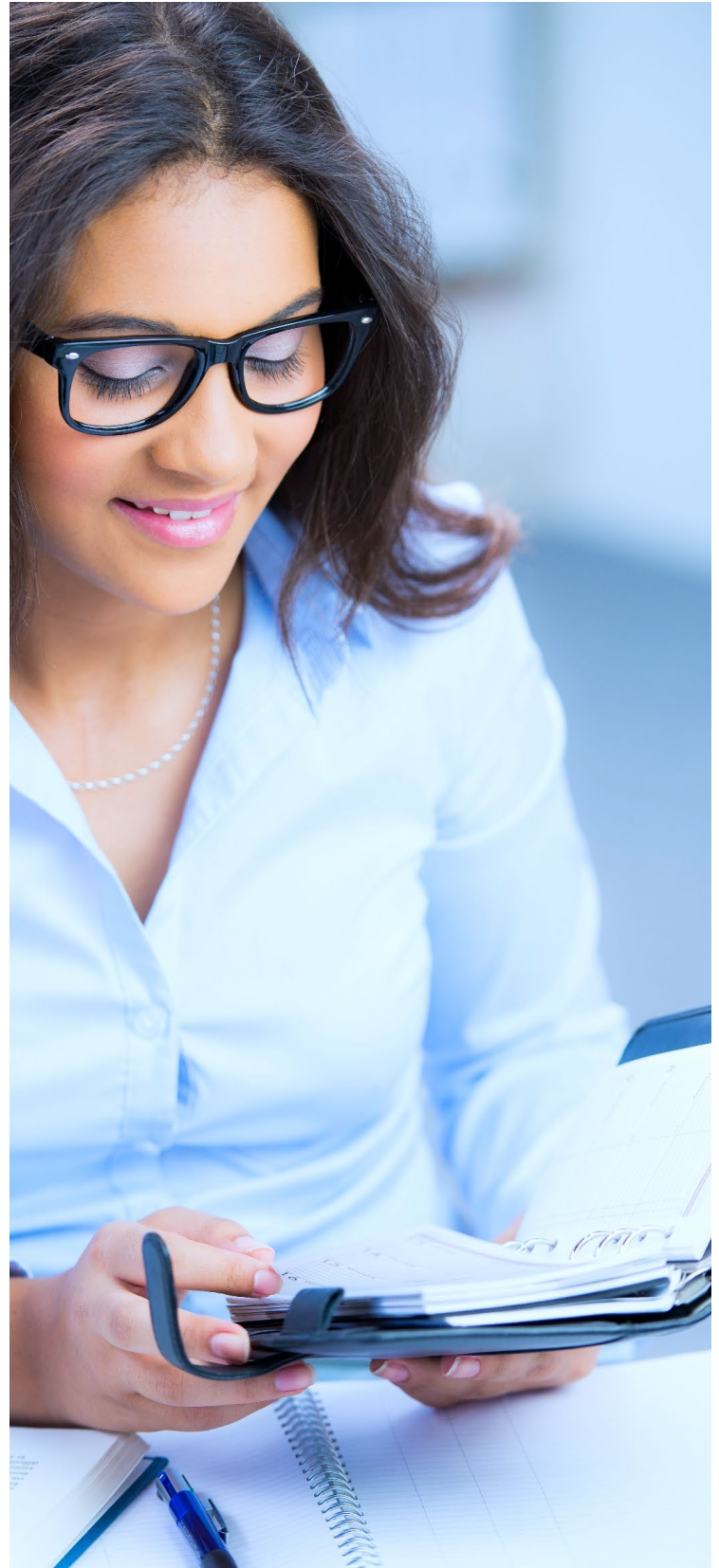
6 No audit findings on the management of student aid.

Good Practices Include:

❑ Closely monitoring changes in federal student aid statues, regulations, sub- regulations, and the Department of Education guidance relevant to the institution's participation in federal student aid programs. Making changes in a timely manner, as appropriate.

❑ Regularly and proactively reviewing your internal policies, procedures and practices each semester term or as issues are identified at the national, regional, or state levels.

❑ Taking swift corrective actions when manual processes or automated system errors are discovered.

❑ Good communications with the financial aid director about strategic developments and decisions that in any way may influence or affect the administration of student aid or affect the execution of the terms and conditions of the institution's Program Participation Agreement with the Department of Education, including changes in key administrators, changes to the academic calendar, addition of locations, and addition of academic programs.

❑ Providing on-going professional development opportunities to key administrators that manage the financial aid operations and manage student aid accounts.

Symptoms of a Problem:

❑ Material findings of inadequate controls in the financial aid office managing the determination of student eligibility for federal financial aid, award amounts, disbursement of funds, and/or calculation of return of unearned aid.

❑ Material findings of inadequate controls in the business office managing federal student aid accounts and related cash control accounts, holding of excess cash, and/or untimely return of unearned aid.

❑ Large student account receivables because of poor communications with students and their understanding of the tuition refund policy and Return of Title IV (federal) unearned funds policy.

❑ Concerns of mismanagement of student aid funds.

❑ Untimely reporting to external agencies of financial aid disbursements that are used to establish the college's authorization for funding or reimbursement of student aid funds.

❑ Repeated annual audit findings that question an institution's administrative and financial capabilities (as defined by federal regulations) that have the potential of very serious consequences when the Department of Education reviews the audit.

7 Academic program and enrollment expansion is supported between financial aid operations and services.

Good Practices Include:

❑ Involving the financial aid director in enrollment management discussions and strategic initiatives.

❑ The financial aid director participating in an ex officio status in academic committee discussions regarding development and approval of any new Title IV-eligible programs.

❑ Allocating adequate resources to support expansion of services, increases in financial aid application volume, increases in amount of student aid managed, and development of policies and procedures to support non-traditional programs, among other things.

❑ Obtaining accrediting agency and the Department of Education approval for new programs.

❑ Updating the Department of Education Program Participation Agreement with new program information.

❑ Monitoring and reporting program changes that involve length of term and number of credits.

Symptoms of a Problem:

❑ New courses and academic programs are offered in "short" terms or non-traditional calendars; thus, requiring (by federal regulations) a different treatment of determining financial aid and most likely manual processing and no preparations for alternative handling made by the financial aid office.

❑ Staff responsible for compliance in financial aid is unaware of new or changes to existing academic programs.

❑ Complaints that there is an inadequate number of staff, staff training, and/or system support to manage any expansion. Staff is already overwhelmed.

❑ Concerns surface that the implementation period to coordinate and establish effective business procedures to manage growth is too short or lacks the necessary collaboration of offices to get the work done.

Yearly enhancement of services and approaches to delivery of financial aid.

Good Practices Include:

❑ Creating an annual planning report (prepared several months before the beginning of the new award year processing, which begins in January) and an annual end-of- year report (prepared after the close of the financial aid award year, which would be after September 30) prepared by the director of financial aid. A financial aid award year cycle is about 20 months.

❑ Reviewing of "Best Practices" published by various associations and discussed at annual conferences.

❑ Attending staff training and development opportunities.

❑ Recognizing staff for excellent service and strong performance and expressing appreciation for work well done.

Symptoms of a Problem:

❑ No recognition or acknowledgement for positive changes and enhancements in services.

❑ Staff morale and student service diminishes.

❑ Concerns that the office is doing business the way it did business years ago.

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Collaboration with other administrative offices and continuous or strengthening relationship between the financial aid and business office administrators.

Good Practices Include:

❑ Communicating clearly and regularly scheduled meetings among administrators.

❑ Expressing clear performance expectations that are evaluated regularly and reinforce collaboration and building partnerships to optimize allocation of resources and ensure compliance with federal regulations.

❑ Reviewing departmental policies and procedures on an annual basis. Identifying and addressing the areas needing improvement.

❑ Conducting annual planning sessions for departmental directors responsible for the financial aid operation.

❑ Leading with directive style and creating a culture that fosters collaborations between administrative offices and administrators.

Symptoms of a Problem:

❑ Common Indicators, e.g., students' complaints, administrators' complaints, audit findings, or a lack of administrative coordination to ensure proper support of delivery of financial aid in compliance with regulations.

❑ Offices and staff work in "silos", with little or no collaboration and exchange of information.

❑ Inconsistent or poor level of student service, students bounce between offices for assistance.

❑ Constant extensions of timelines for completion of work. Frequent excuses of miscommunications or misunderstandings among administrators.

❑ Unclear or unwritten guidelines and procedures for staff to follow.

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10 No, or minimal, staff turnover and real growth in financial aid staff's professional development.

Good Practices Include:

❏ Communicating well between the staff and the director, as well as the director and the campus official to whom the director reports.

❏ Demonstrating appreciation for work that is done well and completed in a timely manner.

❏ Defining staff management as an executive priority, with the understanding that the proper allocation of resources is essential to maximizing staff output.

❏ Intervening with appropriate action when tension arises, personnel issues surface, and to resolve conflict in a timely manner.

❏ Staffing adequately throughout the year, with seasonal part-time assistance during peak processing periods, as needed.

❏ Providing structured communication, updates and training on new policies, regulations, and developments in student aid.

❏ Distributing industry resources such as newsletters and briefing notes from the Department of Education's Information for Financial Aid Professionals (IFAP) and the National Association of Student Financial Aid Administrators (NASFAA) and facilitating follow-up discussions with staff on a daily or weekly basis.

❏ Adequately budgeting for professional development, include the costs of travel to attend state, regional, and national professional association conferences/meetings.

❏ Encouraging participation in online training offered by the Department of Education.

❏ Supporting staff participation in professional association's committees.

Symptoms of a Problem:

❏ Frequent staff turnover, particularly in recent years.

❏ Persistent and excessive overtime.

❏ Tension among staff members and with other administrative staff.

❏ Little or no budget for travel to professional development meetings, and no effort to allocate staff time for online training events offered by the Department of Education.

❏ No involvement by professional staff in state, regional, or national associations.

❏ Complaints from staff that all the training is on-the-job.

❏ Lack of opportunities for exposure to changes in the field of student aid, including new laws and regulations, and expansion of services.

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Student administration system with well-trained staff and adequate support to meet performance expectations and utilize full functionality of the financial aid module.

Good Practices Include:

❑ Prioritizing staff training as one of the top deliverables when implementing a new student information system.

❑ Identifying at least two (2) staff members with the demonstrated ability to fully master the functional use of the system and to support the ongoing development of the functional and technical framework of how to set up, maintain, and use the administrative computer system.

❑ Providing the financial aid office with adequate technical support from Information Technology Division to ensure the proper management, operation and maintenance of the financial aid module.

❑ Training staff periodically on system updates and modifications.

Symptoms of a Problem:

❑ Concerns that financial aid functions in the administrative computer system are underutilized and poorly understood by the financial aid staff.

❑ Concerns that financial aid office workflow is driven by manual operations and external software applications (not the administrative computer system).

❑ Concerns that no one, or only one, staff person has a working knowledge of the administrative computer system's set up and operations. If that person leaves, the financial aid operation is not equipped to process and deliver aid.

Financial Aid Services (FAS) has served higher education for over 30 years. Located in Atlanta, Georgia, FAS provides consulting, staffing, processing and assessment services that empower institutions to strengthen their financial operations, optimize enrollment, and enhance the student experience. FAS' accomplished team averages 28 years of experience and has a combined 1,600 years of higher education experience. With clients in 49 states, FAS has successfully served over 1,800 institutions nationwide.

FAS also works closely with the U.S. Department of Education to assist institutions responding to program reviews and rebuilding financial aid offices. After calling upon FAS to help address audit issues with the U.S. Department of Education, several institutions have significantly reduced the amount of liability incurred. FAS has earned an exceptional performance rating from the U.S. Department of Education on the files submitted for "reimbursement." The Company's extensive experience combined with industry leading expertise and focus on superior client outcomes, enables FAS to deliver lasting results to its clients and the students they serve.

Are you experiencing any of these challenges at your institution? Contact FAS today for a quick consultation on how we can help you find the solutions you deserve to your challenges at 770.988.9447 or by email at info@FinancialAidServices.org.

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