

Center for Higher Education
Support Services, Inc.



Example College (EXCC)

*Management Consulting
Report*

“The highest quality service”



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Table of Contents

Management Letter	1
Executive Summary	2
Review of Written Policies & Procedures	A
Compliance with Cash Management Requirements	B
File Review Findings	C
Analysis of Staffing Patterns for EXCC	D
Other Management Issues	E
Review of Satisfactory Academic Progress Policy	F
Appendix	
1. Policies & Procedures Generally Required for Financial Aid	G-1
2. NASFAA Guide to Addressing Special Circumstances	G-2
3. Sample Institutional Verification Worksheet & Key	G-3



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February 26, 2003

Ms. Finaid Director
Director of Financial Aid
Example College
123 Somewhere Street
Anytown, ST 12345-0123

Dear Ms. Director:

We are writing to provide you with a management consulting report based upon our field work during the week of January 20-24, 2002. Our services have been comprised of performing the agreed-upon tasks, as set forth in our engagement letter to you dated November 8, 2001, and reporting our observations and recommendations for your consideration.

This report outlines the objectives and scope of the engagement, the approach taken, our findings and other management issues we noted during the course of our engagement.

OBJECTIVES & SCOPE

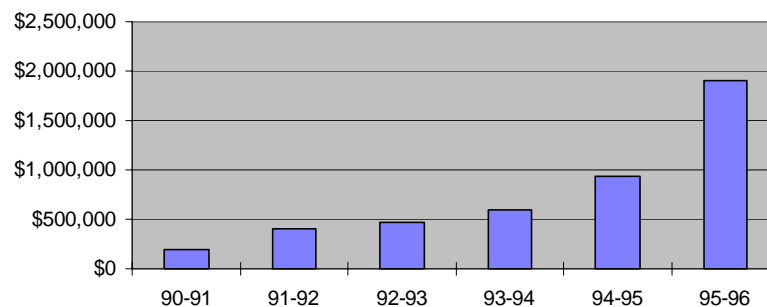
Our objectives during completion of this work plan for EXCC included the following:

- Determine if EXCC has established policies and procedures required for participation in the Title IV federal student aid programs
- Review the institution's cash management policies and procedures
- Assist the College in the development of policies and procedures (if needed)
- Review a judgmental sample of 20 student files to test for compliance with federal rules and regulations governing the Federal Pell and Federal Family Education Loan Programs
- Provide training to Financial Aid Office staff on required changes in the calculation of Federal Pell Grant Awards and certification of FFELP loans as a result of the system wide change from quarter to semester hours

Executive Summary

- As graphically shown below, the financial aid program at Example College has grown at an enormous rate – it is now more than ten times larger than it was in 1990. Along with this growth is increased financial risk to the institution.

EXCC Financial Aid Expenditures



Source: 1996 EXCC Fact Book & Financial Aid Office Data

- During our review of selected policies and procedures, **we determined the College had not established 12 of 17 (71%) required policy statements. Of the policies that had been established 3 of 5 (60%) did not meet all of the compliance requirements.** The College needs to document all policies and procedures required for participation in the Title IV student financial aid programs. We have included a list of policies and procedures generally required for participation in the Title IV programs in the Appendix. We recommend the College ensure all of these policies have been established. Note: We are in the process of assisting the institution in developing up to nine policies and procedures in accordance with Task #2.
- The students in our sample received approximately \$39,000 in Title IV Federal Funds. We determined **approximately \$24,800 could be considered questionable costs and an additional \$8,000 could be considered an institutional liability** due to the compliance errors we discovered during the course of our file review. Questionable costs reflect a potential liability for the institution because these amounts are in question until the errors detected are resolved or determined to be an institutional liability. Questioned costs generally reflect a failure to collect required documentation. Such documentation may resolve the compliance requirement or indicate the student is ineligible for federal student aid. An institutional liability is generally an amount that cannot be cured – it must be paid as a result of payments to ineligible students or payments that are disallowed for other reasons such as overpayments.



Example College

Summary of Written Policies & Procedures

#	Policy	Written Policy Established	Written Policy Needed	In General Compliance	Out of Compliance
1.	Procedures for periodic reconciliation of fiscal office and financial aid office award data		✓		✓
2.	Policy on coordination of all information related to a student's eligibility		✓		✓
3.	Satisfactory academic progress policy	✓		✓	
4.	Refund and repayment policy	✓			✓
5.	Procedures for making status adjustments (e.g., adding educational programs, adding locations, name changes) with the US Department of Education		✓		✓
6.	Need analysis adjustment policy		✓		✓
7.	Verification policy		✓		✓
8.	Policy on establishing cost of attendance budgets	✓			✓
9.	Packaging policy for selection of aid recipients		✓		✓
10.	Policy on academic year, payment period and frequency of disbursement		✓		✓
11.	Definition of "full-time," "3/4 time," and "half-time" for financial aid purposes	✓		✓	
12.	Policy on crime statistics and reporting	✓			✓
13.	Policy on suspected fraud and other criminal misconduct in connection with the application for federal student aid		✓		✓
14.	Policy on the resolution of comments on a student's federal output document		✓		✓
15.	Policy on consortium and contractual agreements		✓		✓
16.	Policy on the confirmation of a student's citizenship status, social security number, registration with selective service, ability to benefit, and enrollment status		✓		✓
17.	Policy for obtaining and providing financial aid transcript information (NSLDS and/or FATs)		✓		✓



Procedures for periodic reconciliation of fiscal office and financial aid office award data

Policy Review

<p>Background:</p>	<p>Records for all campus-based programs must be reconciled at least monthly.</p> <p>For the Federal Pell Grant Program, the school should use its SPS to confirm that the US Department of Education (ED) has received and accepted student payment data for all the Pell recipients the school has paid, up through the date in the upper right corner of the SPS. The school should compare institutional records to the SPS to confirm that each Pell recipient appears at least once. If students are missing from the SPS, the school needs to report them to ED immediately.</p> <p>Additional information on reconciliation for the Federal Pell Grant Program including detailed procedures is included in Chapter 4 of the Federal Student Financial Aid Handbook.</p>
<p>Citation(s):</p>	<p>The Federal Student Financial Aid Handbook, 1995-96; pp. 4-123, 4-124; 5-19</p>
<p>Findings:</p>	<ol style="list-style-type: none"> 1. The institution had not established formal policies for reconciliation of the Federal Pell Grant and Campus-Based Programs.
<p>Information & Recommendation(s):</p>	<ol style="list-style-type: none"> 1. We recommended the College develop a policy to ensure compliance and at least a monthly review of the status of these programs. It should be noted that we observed 5 of 20 (25%) instances where the final SPS did not match payments made to students. In all of these instances, the discrepancy was less than \$1 but should have been reconciled.