NASFAA 2003: Reconnecting With Students!

NASFAA 2003
SALT PALACE CONVENTION CENTER
SALT LAKE CITY, UT ★ JULY 9-12

DEPARTMENT OF EDUCATION · UNITED STATES OF AMERICA
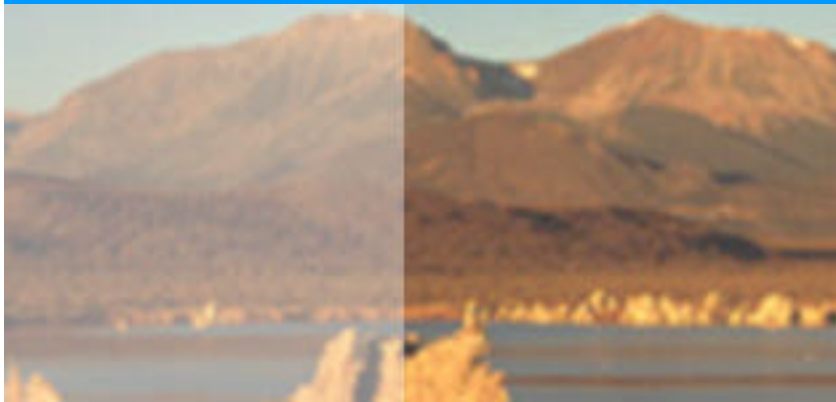
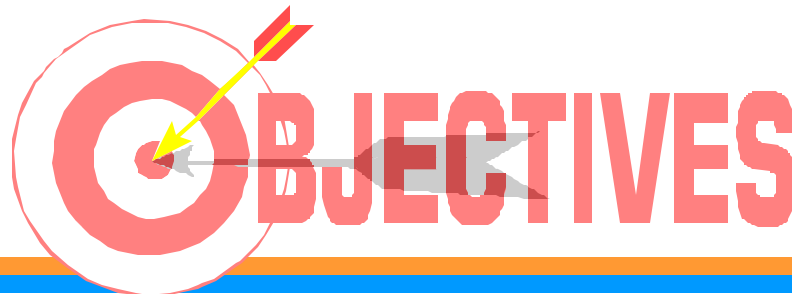# FSA Assessments: A Key to Compliance & Improvement

Session #: S106

Session Objectives

- Overview of FSA Assessments

- Review of common Audit Findings

- How Assessments can help with operations, audits & program reviews

- Introduce Verification, Default Management, and Campus-Based Assessments

What are the FSA Assessments?

Tools to prevent and/or identify compliance issues, implement Management Enhancements (Action Plans) for noted problems and share Effective Practices

What are the FSA Assessments?

- 22 modules updated with hyperlinks to <u>Regs</u> and the <u>Student Financial Aid Handbook</u>

- Series of questions/comments outlining major requirements/policies needed to properly administer the Title IV programs (checklist, exercises, activities, Q&As – who, what, when, where, how)

- New interactive assessments will be available to all schools

Management Enhancement Benefits

- **Help you to take corrective action to resolve noted problems**
    - **Identify problem**
    - **Design required action**
    - **Identify resolution team (offices, team leads…)**
    - **Set timeframe**
    - **Reminder to update policies & procedures**
- **Link to the Management Enhancement Worksheet from each assessment**
- **"Action Plan"**

What is the Effective Practice Database?

- A way to share practices that work well
- A continuously expanding record from which schools can benefit (does not have to be Title IV related)
- A direct link to share an idea
- Currently operational. Schools can submit practices.

What are Technical Assistance Resources?

- **A listing of all resources available to schools that need assistance**
  - Contact information, phone numbers, email…
  - Websites
  - Search engines
  - Technical/software support
- **Each assessment has a link to the Technical Assistance Resources for quick reference**

Where can I find the FSA Assessments?

The assessments can be accessed at the following websites -

- **School's portal (http://fsa4schools.ed.gov)**
  - –Under "Resources & Training", click on FSA Self-Assessments

- **IFAP (http://ifap.ed.gov)**
  - –Under "Tools for Schools", click on FSA Assessments

SFA Assessments

In collaboration with financial aid professionals, SFA has designed management assessment modules to help schools enhance their services. The modules contain to applicable laws and regulations.
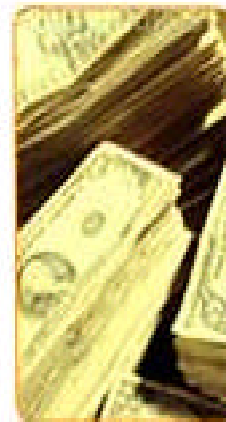
There are four categories

Students

Schools

Managing Funds

Campus Needs

Helpful Hints For Using the SFA Assessments

Troubleshooting Tips

Tools For Schools

- 4 major categories – Students, Schools, Managing Funds and Campus Needs
- Interactive assessments allow the school to complete self-evaluations online
- Non-Interactive assessments require download by schools
- All assessments provide hyperlinks to Regulations, Student Financial Aid Handbook
- All assessments have printing options

Students

- Student Eligibility
- Awarding Aid
- Satisfactory Academic Progress
- Verification (NEW)
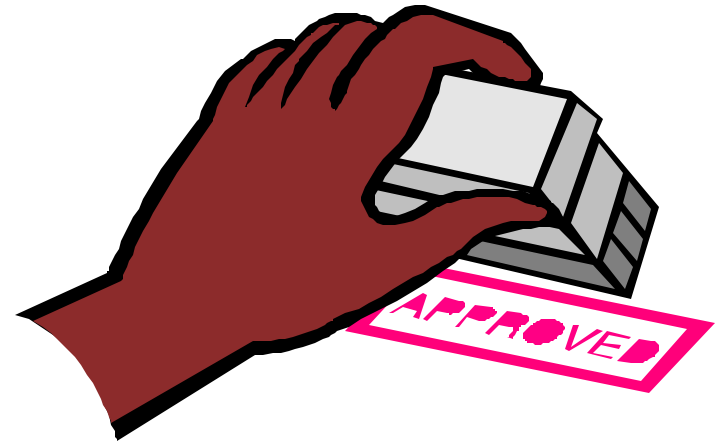
"Have your appropriate school policies and procedures available while going through the various Assessments"

Schools

- Institutional Eligibility
- Consumer Information
- Recertification
- Change In Ownership
- Default Management (NEW)

Managing Funds
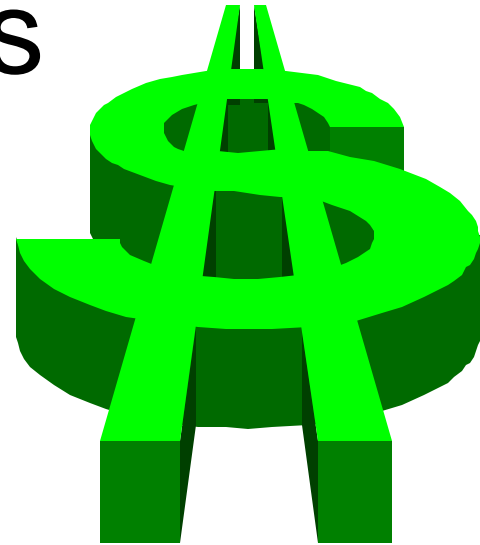
- **Disbursing Aid**
- **Reporting & Reconciling**
- **Fiscal Management**
- **Return of Title IV Funds**
- **Campus-Based Modules**
  - **Perkins Awarding & Disbursement (NEW)**
  - **Perkins Due Diligence**
  - **Perkins Cancellation**
  - **Perkins Forbearance & Deferment**
  - **FWS (NEW)**
  - **FSEOG (NEW)**

Campus Needs

- Automation
- Administrative Capabilities

Interactive Assessments

- If your school wants to complete an interactive assessment online and save it, a password will be required.

  - **User Name = OPEID**

  - **Password =** *Create Your Own* **(If you create your own password, you will be asked to register, and provide your email address.)**

  - **While online you will only have to enter this information once to move within other interactive assessments**

- If completing online, can email assessment through internet browser (file/send/page by email) and can print module with completed answers

- Schools can view the assessments in the tour mode without a password (unable to complete online).

- If you do not want to complete the assessment online, you may download the assessment, save it to your hard drive and complete it later.

Login – Interactive Assessments

STUDENTS
SCHOOLS
MANAGING FUNDS
CAMPUS NEEDS

QAProgram

Welcome! Please choose one of the options below.

Option 1: By entering the OPEID (8 digits) and password (up to 8 characters) your institution in the space provided below, you will be able to store your work resume work later; print it; or, share it with a campus colleague.

First time login: Please enter the OPEID (8 digits) and click login.

OPEID: [   ]

Password: [   ]

[login]

If you forgot your password: **Send me my password**

Option 2: You also can take a tour without saving your work.   [Tour Only]

Interactive Assessments

- Modules that should be Interactive modules by July 31
  - SAP, Return of Title IV, Default Management
- Modules that will be interactive later this summer:
  - Disbursing Aid, Awarding Aid, Federal Perkins Awarding & Disbursement, Perkins Due Diligence, Perkins Cancellation, Perkins Forbearance & Deferment, Perkins Repayment, FSEOG, FWS, Institutional Eligibility

Printing the Assessments

- All FSA Assessments can be downloaded.
- Both Interactive and Non-interactive assessments will have printable Word documents

Download this assessment to your computer

Responding to Audits or Program Reviews

- The Assessments can help a school prepare for a program review

- The Assessments can help a school prepare for an audit

- The Assessments can be a useful tool to ensure findings do not recur

Example of Common Findings

- Satisfactory Academic Progress – standards inadequate, not adequately monitored or applied

- Federal Perkins Loans – inadequate billing/collection procedures, due diligence

- Verification Not Documented/Incomplete

How Can Assessments Help

- **Satisfactory Academic Progress**

  - School can complete the SAP Module. (which includes file review activities)

- **Federal Perkins Loans**

  - School can complete the Federal Perkins Loan Due Diligence Module (which includes due diligence file review activities)

How Can Assessments Help?

- **Verification Not Documented/Incomplete**
  - FSA Verification Module can be completed (including all activities) to find problems and correct procedures.

Satisfactory Academic Progress

- How should I complete this module?
  - Determine which offices are involved in SAP
  - Review procedures
  - Review individual files
  - Complete Management Enhancement and follow-up on corrective action plans
  - Consider completing file review activity each year for continuous improvement

  *Review SAP Module word document

Federal Perkins Loan Due Diligence

- **How should I complete this module?**
  - Determine what offices are involved in due diligence
  - Review due diligence procedures
  - Complete Activity #6
  - Complete Management Enhancement and follow-up on all corrective action plan(s)
  - Consider completing activity #6 every couple of years

Student Name: _____ Student SSN: _____ Promissory Note on File? Ye

If No Note, is other proof that loan was made to student on file? Yes___ No___ If Yes, list type of proof on file_____

Date of Entrance Counseling: _____ Date of Exit Counseling: _____

Activity #6

Loan Disbursements History:

Amount_____ Date_____ Amount_____ Date_____ Amount _____

Amount_____ Date_____ Amount_____ Date_____ Amount _____

Amount_____ Date_____ Amount_____ Date_____ Amount _____

Total Federal Perkins Balance: _____ Date of last contact with student: _____ Last Payr

Student's last date of attendance: _____ Date Loan went into collection: _____ Date Loan Defaulted: _____ Date of A

Due Diligence History:

Date:	Method of Contact:	Result:
Date: _____	Method of Contact: _____	Result: _____
Date: _____	Method of Contact: _____	Result: _____
Date: _____	Method of Contact: _____	Result: _____
Date: _____	Method of Contact: _____	Result: _____
Date: _____	Method of Contact: _____	Result: _____
Date: _____	Method of Contact: _____	Result: _____
Date: _____	Method of Contact: _____	Result: _____	

Were annual attempts made to collect? Yes _____ No _____ Dates attempts to collect made: _____

Verification Not Documented/Incomplete

- **How should I complete the Verification module?**
  - What is the scope of the finding?
  - Review procedures
  - Complete applicable activities
 - Implement Management Enhancements

Verification Module

- **Designed to Test Procedures**
- **Can help prevent audit or program review findings**
- **Includes Links to various requirements**
- **Includes Activities**
  - signifies a continuous improvement
  - provides several exercises to test knowledge and policies and procedures
  - provides Community Questions & Answers received by schools and answered by the Department of Education

Verification Module, cont.

- Includes Verification Outcomes – a tool to help schools evaluate the results of CPS edits and institutional verification
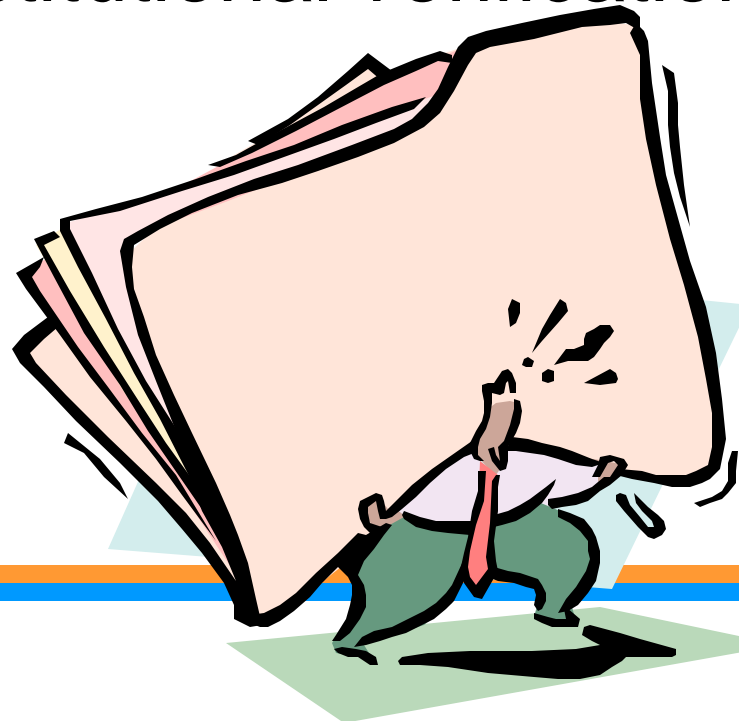
Verification Module at a Glance

- Demonstration of the Verification Module Features

FSA Verification Module

STUDENTS
Student Eligibility
Awarding Aid
Satisfactory Academic
Progress
FSA Verification

Download this assessment
to your computer

Introduction

- **Introduction**
- Student
  Notification
- Selection of
  Applicants
- Verification
  Exclusions
- Conflicting Data
- Updating
  Information
- Verifiable Items
- Interim

INTRODUCTION: Verification helps ensure that Federal student aid is awarded to the right students in the correct amount. Likewise, Institutions will also benefit when Federal Financial Forms are completed accurately. In partnership we can work together to ensure we meet the intent of the verification regulations.

Some questions that you should ask yourself:

- Does your school meet the verification requirements as outlined in **Subpart E – Verification of Student Aid Application Information (668.51 through 668.61)**
- Are your policies and procedures written and up to date?

Electronic Code of Federal Regulations

e-CFR

™

THIS DATA CURRENT AS OF THE FEDERAL REGISTER DATED JUNE 23, 2003

34 CFR - CHAPTER VI - PART 668

View Part

§ 668.51 General.

(a) *Scope and purpose.* The regulations in this subpart govern the verification by institutions of inform submitted by applicants for student financial assistance in connection with the calculation of their expe family contributions (EFC) for the Federal Pell Grant, campus-based, Federal Stafford Loan, Federa Stafford/Ford Loan programs.

(b) *Applicant responsibility.* If the Secretary or the institution requests documents or information fro

Title: Written Verification Policies & Procedures	Results of Assessment
Policies and Procedure **NOTIFICATION TO STUDENTS & STUDENT DEADLINES** Regulation: 34 CFR 668.53 Related Resource Link: 2002-03 FSA Handbook, Application & Verification Guide (AVG), Chapter 3, 2001-02 SFA Handbook, AVG, Chapter 3 **Getting Started:** **Select this link to View Verification Regulations at a Glance**. Use this document as a quick reference guide or as a training tool in your office. Utilize when	Schools are encouraged to complete the exercises identified below. If a requirement is not met or further action is needed, complete a Management Enhancement Worksheet. The Management Enhancement Worksheet can be found at the end of each assessment. **Getting Started:** As you begin to evaluate your policies and procedures, you may want to consider working with other offices who may either have a direct impact on the process or provide information to assist you in your efforts. Suggested Offices: Financial Office

668.57	Acceptable Documentation
668.57(a)	AGI, Income earned from work, U.S. Taxes paid
668.57(b)	Number in Household
668.57(c)	Number in College
668.57(d)	Untaxed Income
668.58	**Interim Disbursements**
668.58	Interim Disbursements
668.58(c)	Returning Stafford/Direct Loan proceeds to lender if verification not complete in 45 days.
668.59	**Consequences of a change in application Information.**
668.59(a)	Federal Pell Grant
668.59(2)	Tolerances
668.59(c)	Campus-based and FFEL/Direct Loan

Title: Written Verification Policies & Procedures (Continued)	Results of Assessment
RESOLVING CONFLICTING DATA 2002-03 FSA Handbook, AVG, page 64, 2001-02 SFA Handbook, AVG, page 68, 668.54(3) It is the responsibility of the institution to resolve conflicting information regardless of whether or not the applicant was selected for verification. *If an institution has reason to believe that any information on the application used to calculate the EFC is inaccurate, the institution shall require the applicant to provide adequate documentation to resolve the conflict.* A school must have an adequate internal system to identify conflicting	**Continuous Improvement – Complete the following Questions regarding Conflicting Data.** **Resolution of Conflicting Data** ☞ ☐ What is the school's policy regarding documentation that is received by the school and it was not requested? _____ _____

information from the admissions office as to whether the student has a high school diploma, or information from other offices regarding academic progress, enrollment status or work-study earned.

Also, if a school receives an IRS 1040 document or any additional documentation on a student who applied for aid and was not selected for verification, the school is required to review the document and determine if there is conflicting data. If so, the school must correct the conflicting documentation and recalculate the student's need. A school must resolve any discrepancies before disbursing Federal Student Aid (FSA) funds. If discrepancies are discovered after disbursing FSA funds, the school must reconcile the conflicting information and require the student to repay any Title IV funds for which he or she was ineligible.

Conflicting Data Section

☐ What is the institution's policy regarding the resolution of conflicting data?

_____

_____

_____

_____

_____

Community Questions & Answers

- Conflicting Data

Question 1:

If a student is not selected for verification but I receive either a his or his parent's IRS tax return, must I resolve any discrepancies between the tax return data and the ISIR/SAR data?

Answer:

Yes. The information on the tax return(s) would have to be reconciled with the data on the ISIR/SAR. Any conflicting data would have to be resolved prior to disbursing aid. (**See 34 CFR 668.16(f)**)

Question2:

If a student is required to file taxes but decides not to, do we have to have them write a statement to this effect? I know we would examine their income as wages earned but would not enter any data in the AGI section. If they were flagged for verification what documentation would we need? Is it considered conflicting information if a student is required to file a tax return, but refused to do so?

Answer:

If a student or parent is required to file taxes but refuses to do so, then they are not eligible for Title IV aid. It is conflicting data.

Title: Written Verification Policies & Procedures (Continued)	Results of Assessment
UPDATING INFORMATION Regulations: 34 CFR 668.55 Related links: 2001-02 SFA Handbook, AVG, pages 63-64, 2002-03 FSA Handbook, AVG, pages 59-60 Regardless if selected for verification the dependency status of the student can be updated if the student status changes for reasons other than marriage. Applicants selected for verification are required to notify the institution when certain changes occur during the award year that did not result from a *change in the applicant's marital status*. For example: (1) Household size;	We encourage that the school completes the exercises outlined in this column. If you find that the requirement is not met or further action is needed, we encourage you to complete a Management Enhancement. The Management Enhancement can be found at the end of each assessment. **Test your Knowledge** **Activity 7: Updating Information Exercise**

Activity 7:

Test your knowledge and operations to determine if your policies and procedures are meeting the requirements in 34 CFR 668.55 Updating Information. Pull your policy and procedures and complete the chart below.

Item to be Verified if selected for verification.	Update information required
Household Size	
Number in college	

Answer Key

Activity 7:

Test your knowledge and operations to determine if your policies and procedures are meeting the requirements in 34 CFR 668.55 Updating Information.

Item to be Verified if selected for verification.	Update information required.
Household Size 668.55(a)(1)(i)	Unlike dependency status, **household size** or number in college cannot be updated unless the student IS selected for verification. For students selected for verification, these items MUST be updated to be correct at the time of verification (**unless the change is a result of a change in the student's marital status, in which case updating is not permitted**). Per section 475(f) if remarriage occurs before application date. If parents divorce after application date, exercising PJ would be the only option for updating

Title: Written Verification Policies & Procedures (Continued)

Results of Assessment

ITEMS TO BE VERIFIED and ACCEPTABLE DOCUMENTATION

Regulations: 34 CFR 668.56 and 34 CFR 668.57
Related links: 2002-03 FSA Handbook, AVG, pages 41-50, 2001-02 SFA Handbook, AVG, pages 44-52

Verification of student aid application information helps ensure program integrity in the Title IV aid programs. It helps ED manage the programs effectively and helps minimize fraud, waste and abuse of federal tax dollars. It helps minimize the number of occurrences of overawards and underawards.

Items to be verified:

Test your Knowledge

Activity 8: Case Studies Scenario
Recommend linking to the Items to be Verified & Acceptable Documentation Chart when completing the case studies.

Activity 9: File Review Exercise

When completing the file review, we recommend linking to the Dependent Verification Worksheet Independent Verification Worksheet FAFSA for Award Years 1999-2000 through 2003-04

- Recovery of Funds
- Verification Outcomes
- Final Checklist

...HOOLS

...NAGING FUNDS

...MPUS NEEDS

Items to be verified:

1. Household size
2. Number in college
3. Adjusted Gross Income (AGI)
4. U.S. Taxes Paid
5. Certain types of untaxed income and benefits

- ✓ Social Security Benefits
- ✓ Child Support
- ✓ IRA/KEOUGH deductions
- ✓ Foreign income exclusion
- ✓ Earned income credit
- ✓ Interest on tax-free bonds

Link to the following chart that provides ITEMS TO BE VERIFIED and ACCEPTABLE DOCUMENTATION required. This information is helpful when reviewing files or can be used as a training tool.

Verifiable Items

FAFSA for Award Years 1999-2000 through 2003-04

2001-02 IRS FORMS: IRS 1040, IRS 1040A, IRS 1040EZ, IRS Form 2555 (Foreign Earned Income), IRS Form 2555EZ (Foreign Earned Income Exclusions) and IRS Form 4136 (Credit For Federal Tax Paid on Fuels)

2002-03 IRS FORMS: IRS 1040, IRS 1040A, IRS 1040EZ, IRS Form 2555 (Foreign Earned Income), IRS Form 2555EZ and IRS Form 4136 (Credit For Federal Tax Paid on Fuels)

2003-04 IRS FORMS: IRS 1040, IRS 1040A, IRS 1040EZ, IRS Form 2555 (Foreign Earned Income), IRS Form 4136 (Credit For Federal Tax Paid on Fuels)

Verification ISIR/1040 Comparison charts: 2001-02 , 2002-03 and 2003-04

2003-04 ISIR Element Verification Chart
Using 2002 IRS Tax Returns

This chart includes the ISIR elements required for verification and the acceptable 1040(forms and schedules), 1040A and 1040 EZ documentation used to verify the ISIR elements. Remember, should you receive any information that provides conflicting information – YOU MUST resolve the conflicting data.

ISIR Element	FAFSA, ISIR & SAR	IRS 1040EZ	IRS 1040A	IRS 1040, Forms Schedules	TELEFILE
Total # of exemptions	(S) 41 (P) 76	Line 5	Line 6d	Line 6d	1(2)
*AGI from IRS Form	(S) 39 (P) 74	Line 4	Line 21	Line 35	Line I
U.S. Income Tax Paid	(S) 40 (P) 75	Line 10	Lines 36	Lines 55	Line K(2)
Earned Income Credit	(S) 44 (P) 79	Line 8	Line 41	Line 64	L
Additional Child tax Credit	(S) 44 (P) 79	NA	Line 42	Line 66	
Earnings from Work (tax filers)	(S) 42-43 (P) 77-78	Line 1	Line 7	Lines 7 (+) 12 (+) 18	Use W-2
**Social Security Benefits (Untaxed portion) such as SSI	(S) 44 (P) 79	NA	Lines 14A-14B	Lines 20A-20B	
Tax-exempt interest	(S) 45 (P) 80	NA	Line 8b	Line 8b	
Untaxed Portions of IRA	(S) 45	NA	Lines 11a(-)11b (exclude rollovers)	Lines 15a (-) 15b (exclude rollovers)	

Title: Written Verification Policies & Procedures (Continued)	Results of Assessment
CONSEQUENCES OF A CHANGE IN APPLICATION INFORMATION Regulation: 668.59 The regulations require resubmission if: - The school recalculates the applicant's EFC and determines that the applicant's EFC changes and that change in the EFC changes the student's eligibility for Federal Pell Grant funds; - The school does not recalculate the applicant's EFC using **Needs Analysis software** A school need not require an applicant to resubmit his/her application or to adjust the Federal Pell Grant, campus-	**Continuous Improvement** ☐ When information changes on a student's application, does the school require the applicant to resubmit his/her information to the central processor? _____ _____ _____ _____ Does the school policy have a process to ensure: ☐ proper verification status code are used when submitting Federal Pell Grant for payment. 2002-03 FSA

Verification Outcomes

- Last Section of the Verification Module
- Encourages Use of the ISIR Analysis Tool
- Allows Schools to target additional areas to Verify based on their effect on EFC and Eligibility
- Provides school with data to educate students upfront before errors occur
- Separate ISIR Analysis Tool Session offered here (Session # S112)

Verification Outcomes

Title: Verification Outcomes	Results of Assessment

This section will provide an introduction to the Quality Analysis Tool (2003-04 the ISIR Analysis Tool). The Tool can help a school analyze the effectiveness of its institutional verification procedures and determine if a school's verification procedures are producing desired outcomes. Through the use of importing ISIR records into the Tool, a school can learn how well the CPS edits and institutional selection criteria are selecting applicants most likely to make changes to ISIR information, which ultimately can impact the EFC.

To use the Tool, follow the steps below to install and set up the software.

- Download the ISIR Analysis Tool Software from
  http://sfadownload.ed.gov/
- Review the On-line Installation Guide and Desk Reference Manual for the ISIR Analysis Tool, available on

ISIR Analysis Activities

Does the school have a system in place to determine if verification procedures are selecting the right students and most problematic data elements?

YES____   NO____

If NO, then further analysis on the type and source of corrections is warranted. Use the Tool to produce the Field Change Report.   The report will show which FAFSA items changed the most and the

Verification Outcomes

- Select *File/Print* or press the *Printer Icon* on the toolbar
- In the *Print Dialog* window choose "*List – EFC Change by Student* Report in the *Report Box*
- Make sure "*Multiple*" is selected to the right of the report title
- In the *Options* box, choose the (code) associated with the ISIR element to examine.
- In order to limit the analysis to only one kind of ISIR change press the *Selection Criteria* button on the bottom left corner of the *Print* window.
- Once in the *Selection Criteria* window, select the *(...)* button next to the *Query Title* box. This opens the *Query Grid*. Select the query by clicking the box next to the query title.

Learning Scenario 2 – Untaxed Income Reported on Worksheets A,B,and C

Financial Aid staff at Pat-Bryan University determined by reviewing the Field Change Report that approximately 15 percent of the applicant population had changes to untaxed income. In order to identify the impact that changes made to untaxed income had on an applicant's EFC, the school ran the List-EFC Change by Student Report to analyze changes to untaxed income. Review the **List-EFC Change by Student Report for Worksheets A B and C.XLS** Use the report to answer the following questions:

Verification – Final Checklist

Final Checklist

Now that you have completed the Verification FSA Assessment and have noted the results of each area in the Question/Comment Section, answer the last question in this Assessment.

☞ Has the school verified that it meets ALL Verification Requirements?
☞ Has the school been able to determine how well the CPS Edits are working at the school?
☞ Has the school been able to determine what the CPS Edits are telling you about your student population?

✓ Are there any good practices that the school would like to identify as Effective Practices? If so, complete an **Effective Practice Form** for each effective practice noted.

✓ For each verification Criterion that the school has noted a need for improvement in your policies and procedures, please complete a *Management Enhancement Worksheet* for each improvement needed.

What's on the horizon for the FSA Assessments?

- Modules updated annually

- Conversion to ED Website

- More activities added to existing modules

- Constant Feedback from schools

In Summary

- The more you put into the assessments, the more you will get out of them

- Don't assume that everything you do is in compliance

- Complete Assessments related to audit findings each year

- If no audit findings, select at least two assessments to complete each year

- Administering the Title IV programs is an Institutional-Wide Effort

- Be willing to change

Questions/Comments?

Questions/comments about the presentation, contact:

David Bartnicki

david.bartnicki@ed.gov; 404-562-6290

Feedback/comments regarding the Assessments, contact:

Holly Langer-Evans (**Regions 1, 2, 5**)

Holly.Langer-Evans@ed.gov; (617) 223-9603

Francine Reeves (**Regions 3, 4, 6, 7**)

Francine.Reeves@ed.gov; (404) 562-6289

Michael Cagle (**Regions 8, 9, 10**)

Michael.Cagle@ed.gov; (206) 615-2586