

The AES/PHEAA Program Review Process March 2006



Forward

Since its inception in 1977, Program Review has been committed to helping schools accurately and effectively administer state and federal financial aid programs. Our goal is to ensure that all state and federal financial aid programs are administered in compliance with applicable law, regulations, and policies.

We are committed to promoting and maintaining integrity, accuracy, and timeliness in the certification and delivery of financial assistance to students and their parents. To this end we are now conducting general and specialized technical assistance reviews in an effort to better serve and provide training to the financial aid community.

Through the program review process we hope to encourage an atmosphere of mutual respect and support within the financial aid community. By sharing ideas, professional competencies, and experiences, we believe that we can effectively serve the diverse needs of students, families, and schools.

This guide will familiarize you with the program review process. If you have any questions or suggestions—or if you would like to request a technical assistance review—please contact us. We appreciate your continued support and participation in AES/PHEAA-administered financial aid programs.

Contact Information:

AES/PHEAA Program Review

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I. Purpose & Scope

A program review is performed to assess the capability of an educational institution to manage financial aid programs administered by AES/PHEAA on behalf of the U.S. Department of Education and the Commonwealth of Pennsylvania. The scope of the review is contingent upon the type of review being conducted and will include each of the following programs in which the school participates.

- A. The Federal Family Education Loan Program (FFELP).
- B. The Pennsylvania State Grant Program.
- C. The Institutional Assistance Grant (IAG) Program.
- D. The Partnership for Access to Higher Education (PATH) Program
- E. The New Economy Technology Scholarship (NETS) Program.

II. Types of Program Reviews

AES/PHEAA conducts three different types of program reviews at schools.

A. Routine Review

A routine program review includes a review of school policies as well as a sample of student accounts.

A routine program review takes approximately 3 days to complete. Program review findings are reported to school officials via point sheets during the review (See Exhibit D). School officials are given an opportunity to review and respond to the issues noted on the point sheets. All unresolved issues are discussed at the exit interview. Subsequent to the review, a findings letter is mailed to the financial aid administrator's (FAA's) supervisor with a copy to the FAA. School officials must respond to the findings and make all requested refunds.

B. General Technical Assistance Review

A general technical assistance review is a "mini" program review. This type of program review may be scheduled by AES/PHEAA in place of a routine program review or may be requested by the school.

A general technical assistance review takes approximately 2 days to complete. Program review findings are reported to school officials via point sheets during the review (See Exhibit D). School officials are given an opportunity to review and respond to the issues noted on the point sheets. All unresolved issues are discussed at the exit interview. Subsequent to the review a written report is mailed to the FAA. However, the FAA is *not* required to respond to the findings and refunds are *not* requested by Program Review Staff. Program Review Staff takes no follow-up action unless additional assistance is requested by the school.

C. Specialized Technical Assistance Review

A specialized technical assistance review concentrates on one or more specific issues identified by the school. These types of reviews are typically scheduled at the request of school officials. Examples of instances where these types of reviews have been requested include:

- 1) Assistance in developing financial aid policies and procedures.
- 2) Review of Cash Management or Return of Title IV Funds requirements.
- 3) The school changed the way it measured program length (e.g. from clock hours to credit hours) and wanted assistance in determining how those changes might impact student financial aid eligibility.
- 4) The school changed its curriculum or added a part-time program and needed assistance in determining how those changes might impact student financial aid eligibility.

Depending upon the type of assistance requested a special technical assistance review takes approximately 1 to 3 days to complete. If applicable, program review findings and suggestions are reported to school officials via point sheets during the review (See Exhibit D). School officials are given an opportunity to review and respond to the issues noted on the point sheets. All unresolved issues are discussed at the exit interview. Subsequent to the review a written report is mailed to the FAA. However, the FAA is *not* required to respond to the findings and refunds are *not* requested by Program Review Staff. Program Review Staff takes no follow-up action unless additional assistance is requested by the school.

III. Sample Size

The sample size will vary depending upon the type of review being conducted. However, the samples will overlap. The following chart summarizes the three types of reviews conducted by AES/PHEAA and the sample size for each type of review.

Type of Review	Characteristics of the Review	Sample Size
Routine Program Review	<p>Scheduled by AES/PHEAA</p> <ul style="list-style-type: none"> • Review conducted. • Findings letter is mailed to the financial aid administrator’s supervisor. • The school must respond and resolve any findings—this includes making required refunds. 	<p>30 Stafford Loan Files 5 - 10 PLUS Files 30 State Grant Files 30 IAG Files 5-10 PATH Files 5-10 NETS Files</p>
General Technical Assistance Review	<p>Scheduled by AES/PHEAA or Requested by the School.</p> <ul style="list-style-type: none"> • Review is conducted but fewer files are included. • A letter is mailed to the financial aid administrator outlining the topics that were discussed. • *No response or refunds are required from the school. <p>*Note: If a student received State Grant funds that he or she was not entitled to receive, State Grant & Special Programs Staff may take independent action to request a refund.</p>	<p>15 Stafford Loan Files 3 - 5 PLUS Files 15 State Grant Files 15 IAG Files 3-5 PATH Files 3-5 NETS Files</p>
Specialized Technical Assistance Review	<p>Requested by the School.</p> <ul style="list-style-type: none"> • Focuses on one Specific Area <ul style="list-style-type: none"> – Cash Management Requirements. – School Change in Curriculum. 	<p>Generally focuses on one specific area identified by the school and may or may not include a small sample of student files.</p>

IV. Frequency of Program Reviews

Generally AES/PHEAA conducts program reviews once every two years and alternates between routine and general technical assistance reviews. There are some instances where more frequent program reviews may be required by federal or state policies (e.g. a high cohort default rate or a high State Grant error rate). In these cases schools are advised of the reason for the increased frequency of reviews.

V. Notification

The Financial Aid Administrator (FAA) will receive a telephone call approximately 30 to 45 days in advance of the program review. At this time, the date is flexible and, if necessary, the review can be moved to the subsequent month to accommodate school schedules. The FAA should notify other school officials that will be involved in the program review (e.g. Business Office and Registrar), of the scheduled program review to confirm their availability during the scheduled review.

Subsequent to the telephone call, the FAA will receive a letter confirming the date and time of the program review (See Exhibits A and B). At this time, the FAA is asked to supply some documents to AES/PHEAA prior to the scheduled review and to have other documents available at the entrance interview (see Exhibit C).

VI. Pre-Review

Prior to a scheduled program review, Agency staff will review the information school officials were asked to provide prior to the scheduled visit. The Reviewer will also review information available on the U.S. Department of Education Postsecondary Educational Participants System (PEPS) pertaining to the school's eligibility to participate in Title IV programs.

The Financial Aid Administrator should confirm the date of the review with other school officials. If a routine program review is scheduled this would include your supervisor and other senior management.

VII. Site Visit

The amount of time needed for the on-site review depends upon the type of review being conducted (see Section II). The on-site review consists of three parts.

A. Entrance Interview

The program review will begin with an entrance interview. All school officials who will be involved in the on-site review should be invited to attend. The entrance interview includes the following components:

- The Reviewer will review the purpose and scope of the review.
- The Reviewer will discuss any questions or concerns resulting from his or her review of the pre-review materials referenced in Section VI (including questions or concerns about school policies and procedures).
- The Reviewer will answer any questions that school officials may have.

- The Reviewer will provide school officials with a list of the students whose records will be included in the file review.
- The Reviewer will ask you to identify appropriate contact people from each office involved in the program review.

B. File Review

Each file is reviewed to determine compliance with Federal and State regulations. Compliance checklists for the FFELP and State Grant Programs are included as Exhibits E and F. Potential findings are discussed with school officials during the on-site visit. Prior to the exit interview, school officials will receive a “point sheet” identifying each potential finding (See Exhibit D). You will be given an opportunity to provide an initial response prior to the exit interview. If additional time is needed to research a particular finding, school officials may be given up to an additional week or two to conduct research and respond to the potential finding. In some cases the school may be able to eliminate a finding from the initial report. In other cases, the finding may be included in the initial report with a statement indicating that the school has satisfactorily responded to the concern.

C. Exit Interview

The on-site review will conclude with an exit interview. It is important for all school officials who were involved in the program review to be invited to attend the exit interview. The exit interview will include the following components:

- The Reviewer will reiterate the purpose and scope of the review.
- The Reviewer will discuss all unresolved findings.
- The Reviewer may also recommend changes to policies, procedures, and/or financial aid processes.
- The Reviewer will explain the timeline for the school to provide any outstanding information and documentation.
- The Reviewer will answer any questions that school officials may have.

In addition, if a routine program review was conducted, the school is advised of the requirements to resolve the findings and of all potential liabilities.

VIII. Initial Report

A findings report is mailed to the school approximately 30 to 60 days following the on-site visit. A list of common program review findings is included as Exhibit G.

Routine Program Review: The report is mailed to the Financial Aid Administrator’s (FAA’s) supervisor with a copy to the FAA. The report will list the finding, the appropriate regulatory reference, and the action the school is required to take to resolve the finding. The school must provide a response to each finding and must make all requested refunds.

Technical Assistance Review (general or specialized): The school will receive a written report documenting the issues that were discussed. The report is mailed to the FAA. The FAA's supervisor does not receive the report from AES/PHEAA. You are not required to provide a response to the report and Program Review staff will take no follow-up action unless you request additional assistance.

IX. Secondary Responses (Applicable only to Routine Program Reviews)

The Reviewer will review the school's response to the initial program review findings. A secondary response is sent to the school advising you of any additional action that is needed. If the findings require the school to refund interest and special allowance, you will be advised of the amount that must be returned.

X. Closing the Review (Applicable only to Routine Program Reviews)

When the school has satisfactorily responded to all of the findings from the program review and made all required refunds, a closing letter is sent to the school.

XI. Frequently Asked Questions

1. Why was my school selected for a program review?

As stated in Section IV, AES/PHEAA conducts program reviews once every two years and alternates between routine and general technical assistance reviews. Most program reviews are scheduled because it has been two years since we last visited your school.

2. How frequently can I request a technical assistance review?

There is no limit on the number of technical assistance reviews that a school can request. Program review staff is committed to assisting school officials in their compliance with all Federal and State regulations. We would rather help you to do things right than cite you for doing things incorrectly.

3. Why do I have to send you information prior to the on-site visit?

The requested information allows the Reviewer to prepare for the program review and reduces the amount of time that he or she will need to spend on-site. In addition, if there are any concerns regarding any of the requested policies or procedures, those concerns are discussed at the entrance interview. If changes or updates are needed, the Reviewer is available to answer questions and provide assistance.

4. What if I can't respond to the program review findings within the requested time period.

If you are unable to respond to the program review findings within the requested time period, you should contact administrative staff in Harrisburg at (717) 720-2740 to request an extension.

EXHIBITS

Exhibit A

NAME/ADDRESS

Dear _____:

This letter is to confirm that AES/PHEAA has scheduled a routine program review at your institution beginning on **MM/DD/CCYY**. **Name of Specialist**, Program Review Specialist, will be at your institution at **TIME** a.m. on that date. The scope of the review will primarily focus on **(A/Y under review)** academic year records. The review will include approximately 30 to 40 student files and will encompass **(FFELP, State Grant, IAG, PATH and NETS Program records)**.

Your school is required by 34 CFR 668.23(e) of the General Provisions to provide access to all Title IV program and fiscal records. This program review will encompass your administration of Title IV programs included in your US Department of Education Program Participation Agreement (PPA) or Eligibility and Certification Approval Report (ECAR) and will evaluate the following:

1. General institutional eligibility
2. Program administration
3. Student eligibility
4. Student financial aid files
5. Student academic, registration and attendance records; and
6. Fiscal administration records

Please inform members of your staff who are responsible for the administration of these financial aid programs of the dates of the program review. Officials from the financial aid office, business office and registrar's office must be available to answer questions during the program review and should also be present during the entrance and exit interview.

The list of attachments provided with this correspondence identifies documents that must be forwarded to AES/PHEAA within **five (5) days** of your receipt of this correspondence. Timely receipt of these documents will reduce the amount of time that the Reviewer must spend on site for the program review. This list also identifies documents that must be available at the entrance interview and the documentation that must be available in the student files selected for review.

Your cooperation throughout the program review process will be appreciated. If you have any questions regarding the program review, please call this office at (717) 720-2740.

Sincerely,

Cindy L. Davis
Manager
Program Review & Policy

CLD/bb
Attachment

Exhibit B

NAME/ADDRESS

Dear _____:

This letter is to confirm that AES/PHEAA has scheduled a technical assistance review at your institution beginning on **MM/DD/CCYY**. **Name of Specialist**, Program Review Specialist, will be at your institution at (time) on that date. The scope of the review will primarily focus on **(A/Y under review)** academic year records. The review will include approximately 15 to 20 student files and will encompass **(FFELP, State Grant Program, IAG, PATH and NETS Program records)**.

Your school is required by 34 CFR 668.23(e) of the General Provisions to provide access to all Title IV program and fiscal records. This program review will encompass your administration of Title IV programs included in your US Department of Education Program Participation Agreement (PPA) or Eligibility and Certification Approval Report (ECAR) and will evaluate the following:

1. General institutional eligibility
2. Program administration
3. Student eligibility
4. Student financial aid files
5. Student academic, registration and attendance records; and
6. Fiscal administration records

Please inform members of your staff who are responsible for Title IV programs of the dates of the program review. Officials from the financial aid office, business office and registrar's office must be available to answer questions during the program review and should also be present during the entrance and exit interview.

The list of attachments provided with this correspondence identifies documents that must be forwarded to AES/PHEAA within **five (5) days** of your receipt of this correspondence. Timely receipt of these documents will reduce the amount of time that the Reviewer must spend on site for the program review. This list also identifies documents that must be available at the entrance interview and the documentation that must be available in the student files selected for review.

Your cooperation throughout the program review process will be appreciated. If you have any questions regarding the program review, please call this office at (717) 720-2740.

Sincerely,

Cindy L. Davis
Manager
Program Review & Policy

CLD/bb
Attachment

Exhibit C

LIST OF ATTACHMENTS AES/PHEAA PROGRAM REVIEW

The following items must be forwarded to AES/PHEAA within five (5) days of receipt:

1. School catalog and student handbook (for the academic year being reviewed).
2. Current financial aid policies and procedures (including refund policy, satisfactory academic progress policy, grade level advancement policy, verification procedures, and the school's definition of an academic year).
3. Annual security report, institutional security policies, and crime statistics required by 34 CFR 668.41(e) and 34 CFR 686.46.
4. If the school admits students based on ability to benefit (ATB), please provide a copy of the ATB test, answer key, passing score, the dates the test was in use and the names, addresses, and telephone numbers of the test administrators.

Please forward the above information to:

AES/PHEAA
ATTN: Becky Brown
Program Review – HQ4
1200 North Seventh Street
Harrisburg, PA 17102-1444

The school's policies and procedures manual pertaining to administration of Title IV programs must be available at the time of the entrance interview.

A list of student files to be reviewed will be provided to school officials at the entrance interview. These files must include the following documentation.

1. Student contracts, enrollment agreements or registration forms.
2. Evidence of admissions criteria such as high school diploma, GED or ability to benefit.
3. Completed admissions and financial aid forms.
4. Class schedule and attendance records.
5. All applicable student financial aid transcripts.
6. Documentation of satisfactory academic progress.
7. Documentation supporting the student's withdrawal date (if applicable).
8. Refund calculation worksheet(s).
9. Student need analysis documentation (SAR or ISIR).
10. FFELP loan certifications.
11. FFELP entrance and exit interview documentation.
12. Student account cards or ledgers.
13. Canceled checks for refunds made to the student or the lender

Exhibit E

Compliance Checklist for FFELP

This checklist is provided to assist school officials in evaluating their current policies and procedures for administering the FFEL program. The following items are included in all routine program reviews. Each item includes references to the applicable section(s) of the Higher Education Act, the *Code of Federal Regulations* (CFR), the *Federal Student Aid Handbook*, *Dear Colleague Letters*, or the *Common Manual*.

While the office responsible for each of the following items may vary from one school to another, it is essential that all schools have processes in place to communicate changes in student status or eligibility among the various school offices. Most program review findings result from inadequate file documentation and lack of communication between school offices.

School Requirements

- A. Administrative Capability
 - Separation of duties involved with the certification of eligibility for Title IV aid and the delivery of Title IV aid. References: 34 CFR 668.16(c)(2); *Federal Student Aid Handbook*, Volume 2, Chapter 10; *Common Manual*, Chapter 4, Section 4.2.
 - System of adequate checks and balances and internal controls in place for certifying and delivering Title IV aid. References: 34 CFR 668.16(c)(1); *Federal Student Aid Handbook*, Volume 2, Chapter 10; *Common Manual*, Chapter 4, Section 4.2.
 - Adequate number of qualified staff available to administer Title IV programs. References: 34 CFR 668.16(b)(2); *Federal Student Aid Handbook*, Volume 2, Chapter 10, *Common Manual*, Chapter 4, Section 4.2.
 - Required electronic processes. References: 34 CFR 668.16(o); DCL GEN-04-08; *Federal Student Aid Handbook*, Volume 2, Chapter 10; *Common Manual*, Chapter 4, Section 4.2.
- B. School Eligibility
 - Up-to-date ECAR. References: 34 CFR 600.20; 34 CFR 668.13; 34 CFR 668.14; *Federal Student Aid Handbook*, Volume 2, Chapter 2 and Chapter 5; *Common Manual*, Chapter 4, Subsection 4.1.A and 4.1.C.
 - Timely submission of required Title IV audit. References: 34 CFR 668.23; *Federal Student Aid Handbook*, Volume 2, Chapter 12; *Common Manual*, Chapter 4, Section 4.8.
 - Demonstrates financial responsibility. References: 34 CFR 668.15; 34 CFR 668, Subpart L; *Federal Student Aid Handbook*, Volume 2, Chapter 11; *Common Manual*, Chapter 4, Section 4.3.
 - Eligible Program. References: 34 CFR 668.8; *Federal Student Aid Handbook*, Volume 2, Chapter 4.
 - Compliance with record retention requirements. References: 34 CFR 668.24; *Federal Student Aid Handbook*, Volume 2, Chapter 9; *Common Manual*, Chapter 4, Section 4.5.

- Acceptable cohort default rate. References: 34 CFR 668, Subpart M; *Federal Student Aid Handbook*, Volume 2, Chapter 10; *Common Manual*, Chapter 16.
- Prohibition against misrepresentations to students, prospective students, or their families. Reference: 34 CFR 668.71.
- Prohibition against charging a fee for the completion or certification of any FFEL form or information. References: 34 CFR 682.603(h); *Common Manual*, Chapter 6, Section 6.15.
- Timely and accurate NSLD reporting. References: 34 CFR 682.610(c); *Common Manual*, Chapter 9, Section 9.2.

Required School Policies/Consumer Information

- A. Satisfactory Academic Progress Policy. References: 34 CFR 668.16(e); 34 CFR 668.34, *Federal Student Aid Handbook*, Volume 2, Chapter 10; *Common Manual*, Chapter 4, Section 4.2.
- B. Grade Level Advancement Policy. References: 34 CFR 668.3(a)(2); 34 CFR 682.401(b)(2)(ii)(B); *Common Manual*, Chapter 6, Section 6.10.
- C. Verification Policy. References: 34 CFR 668.53; *Federal Student Aid Handbook*, Application and Verification Guide; *Common Manual*, Chapter 8, Section 8.5.
- D. Leave of Absence Policy, if applicable. References: 34 CFR 668.22(d); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Section 9.3.
- E. Academic year definition. References: 34 CFR 668.3; *Federal Student Aid Handbook*, Volume 3, Chapter 4; *Common Manual*, Chapter 6, Section 6.1.
- F. Information about the return of Title IV funds requirements. References: 34 CFR 668.22(k), *Federal Student Aid Handbook*, Volume 5; *Common Manual*, Chapter 4, Subsection 4.4.A.
- G. Annual security report. References: 34 CFR 668.41(e); *Federal Student Aid Handbook*, Volume 2, Chapter 6; *Common Manual*, Chapter 4, Subsection 4.4.
- H. Institutional security policies and crime statistics. References: 34 CFR 668.46; *Federal Student Aid Handbook*, Volume 2, Chapter 6; *Common Manual*, Chapter 4, Subsection 4.4.A.
- I. Financial assistance information. References: 34 CFR 668.42; *Federal Student Aid Handbook*, Volume 2, Chapter 6; *Common Manual*, Chapter 4, Subsection 4.4.A.
- J. Institutional information. References: 34 CFR 668.43; *Federal Student Aid Handbook*, Volume 2, Chapter 6; *Common Manual*, Chapter 4, Subsection 4.4.A.
- K. Availability of school employees to assist students. References: 34 CFR 668.44.
- L. Information on completion or graduation rates. References: 34 CFR 668.45; *Federal Student Aid Handbook*, Volume 2, Chapter 6; *Common Manual*, Chapter 4, Subsection 4.4.A.

Student Eligibility

- A. Student is a regular student enrolled or accepted for enrollment in an eligible program. References: 34 CFR 668.32(a); *Federal Student Aid Handbook*, Volume 1, Chapter 1; *Common Manual*, Chapter 5, Section 5.10.
- B. NSLDS Financial Aid History. References: 34 CFR 668.19; *Federal Student Aid Handbook*, Volume 1, Chapter 3; *Common Manual*, Chapter 9, Section 9.2.
- C. Current ISIR or SAR. References: 668.2(b); *Federal Student Aid Handbook*, Application and Verification Guide; *Common Manual*, Chapter 6, Section 6.6.
- D. Resolution of C Codes
 - Citizenship, residency & immigration Status. References: 34 CFR 668.33; and 34 CFR 668, Subpart I; *Federal Student Aid Handbook*, Volume 1, Chapter 2; *Common Manual*, Chapter 5, Subsection 5.2.A.
 - Prior default. References: 34 CFR 668.35; *Federal Student Aid Handbook*, Volume 1, Chapter 3; *Common Manual*, Chapter 5, Subsection 5.2.E.
 - Social Security Number. References: 34 CFR 668.36; *Federal Student Aid Handbook*, Volume 1, Chapter 4; *Common Manual*, Chapter 5, Subsection 5.2.B.
 - Selective service registration. References: 34 CFR 668.37; *Federal Student Aid Handbook*, Volume 1, Chapter 5; *Common Manual*, Chapter 5, Subsection 5.2.C.
 - Conviction for the possession of illegal drugs. References: 34 CFR 668.40; *Federal Student Aid Handbook*, Volume 1, Chapter 1; *Common Manual*, Chapter 5, Section 5.7.
- E. Verification and/or Resolution of Conflicting Information. References: 34 CFR 668, Subpart E; *Federal Student Aid Handbook*, Application and Verification Guide; *Federal Student Aid Handbook*, Volume 1, Chapter 1; *Federal Student Aid Handbook*, Volume 2, Chapter 10; *Common Manual*, Chapter 8, Section 8.5.
- F. Compliance with annual & aggregate loan limits. References: 34 CFR 682.204; 34 CFR 682.401(b)(2); *Federal Student Aid Handbook*, Volume 3, Chapter 4; *Common Manual*, Chapter 6, Section 6.11.
- G. Minimum loan period certified by the school. References: 34 CFR 682.603(f)(1); *Federal Student Aid Handbook*, Volume 3, Chapter 4.
- H. Maximum loan period certified by the school. References: 34 CFR 682.603(f)(2); *Federal Student Aid Handbook*, Volume 3, Chapter 4.
- I. Loan proration. References: 34 CFR 682.204; *Federal Student Aid Handbook*, Volume 3, Chapter 4; *Common Manual*, Chapter 6, Subsection 6.11.E.
- J. Retention of loan certification information (cost of attendance, other aid, expected family contribution). References: 34 CFR 682.603; 24 CFR 668.34; *Federal Student Aid Handbook*, Volume 2, Chapter 9; *Common Manual*, Chapter 4, Section 4.5.

- K. Preventing overawards. References: 34 CFR 682.603(d) and 34 CFR 682.604(h); *Federal Student Aid Handbook*, Volume 5, Chapter 1; *Common Manual*, Chapter 6, Subsection 6.15.A and Chapter 8, Section 8.6.
- L. Determination of Pell grant eligibility. References: 34 CFR 682.201(a)(1); *Common Manual*, Chapter 6, Subsection 6.15.B.
- M. Documentation supporting loan reduction or denial. References: 34 CFR 682.603(e); *Common Manual*, Chapter 6, Subsection 6.15.E.
- N. Confirmation that the student has maintained continuous eligibility prior to releasing FFELP funds. References: 34 CFR 682.604(b); *Federal Student Aid Handbook*, Volume 4, Chapter 2.
- O. Documentation to support additional unsubsidized loan eligibility for a dependent student. References: 34 CFR 682.201(a)(3); *Common Manual*, Chapter 6, Subsection 6.15.D.
- P. Documentation to support professional judgment.
 - Dependency overrides. References: HEA 480(d)(7); DCL GEN-03-07; *Common Manual*, Chapter 6, Section 6.8.
 - Cost of Attendance (COA) adjustments. References: HEA 479A; *Common Manual* Chapter 6, Subsection 6.5.D.
 - Changes to an expected family contribution (EFC). References: HEA 479A; DCL GEN-92-21; *Federal Student Aid Handbook*, Application and Verification Guide; *Common Manual*, Chapter 6, Subsection 6.6.B.
- Q. Eligibility of transfer students for FFELP loans. References: 34 CFR 668.19; *Common Manual*, Chapter 6, Section 6.1; *Federal Student Aid Handbook*, Volume 3, Chapter 1; *Common Manual*, Chapter 6, Section 6.1.
- R. Change in Status—gaining or losing eligibility. Reference: *Federal Student Aid Handbook*, Volume 1, Chapter 1.
- S. Entrance & Exit Counseling. References: 34 CFR 682.604(f) and (g); *Federal Student Aid Handbook*, Volume 2, Chapter 6; *Common Manual*, Chapter 4, Subsections 4.4.B and 4.4.C.

Academic Records

- A. Compliance with admission requirements. References: 34 CFR 668.32; *Federal Student Aid Handbook*, Volume 2, Chapter 1.
- B. Enrollment agreements. References: 34 CFR 668.32(a)(1)(i); 34 CFR 682.201(a).
- C. Student enrollment status. References: 34 CFR 668.2; *Federal Student Aid Handbook*, Volume 1, Chapter 1; *Common Manual*, Chapter 6, Section 6.9.
- D. Compliance with ability to benefit provisions. References: 34 CFR 668, Subpart J; *Federal Student Aid Handbook*, Volume 1, Chapter 1.
- E. Compliance with satisfactory academic progress requirements. References: *Federal Student Aid Handbook*, Volume 1, Chapter 1.

- F. Procedure for confirming that a student who receives all “F” grades attended school beyond the 60% point of the payment period or period of enrollment, as applicable. References: *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Section 9.4.
- G. Grade level advancement. References: *Common Manual*, Chapter 6, Section 6.10.

Fiscal Records

- A. Compliance with cash management requirements. Reference: 34 CFR 668, Subpart K.
- B. Scheduling Disbursements
 - Timing of disbursements. References: 34 CFR 668.164(f); 34 CFR 682.604(c)(6); *Federal Student Aid Handbook*, Volume 4, Chapter 2.
 - Payment periods. References: 34 CFR 668.4; *Federal Student Aid Handbook*, Volume 4, Chapter 2; *Common Manual*, Chapter 7, Section 7.7.
 - Compliance with delayed delivery requirements. References: 34 CFR 682.604(c)(5); *Federal Student Aid Handbook*, Volume 4, Chapter 2; *Common Manual*, Chapter 8, Subsection 8.7.D.
 - Multiple disbursements. 34 CFR 668.604(c)(6); *Federal Student Aid Handbook*, Volume 4, Chapter 2; Notices and Authorizations; *Common Manual*, Chapter 7, Subsection 7.7.B.
 - Award notices. References: 34 CFR 668.165(a)(1); *Federal Student Aid Handbook*, Volume 4, Chapter 2; *Common Manual*, Chapter 8, Subsection 8.2.A.
 - Notice of credit to student account. References: 34 CFR 668.165(a)(2); *Federal Student Aid Handbook*, Volume 4, Chapter 2; *Common Manual*, Chapter 8, Subsection 8.2.B.
 - Authorization to retain credit balance. References: 34 CFR 668.165(b)(iii); *Federal Student Aid Handbook*, Volume 4, Chapter 2; *Common Manual*, Chapter 8, Section 8.3.
 - Authorization to use Title IV funds to pay minor prior year charges. Reference: 34 CFR 668.164(d)(2)(ii); *Common Manual*, Chapter 8, Section 8.3.
 - Authorization to use Title IV funds to pay school charges other than tuition and fees and, if applicable, room and board. References: 34 CFR 668.164(d)(2); *Common Manual*, Chapter 8, Section 8.3.
- C. Processing Loan Proceeds
 - Evidence that the student is registered for classes before loan funds are delivered. References: 34 CFR 682.604(c); *Common Manual*, Chapter 8, Section 8.7.
 - Timely delivery. References: 34 CFR 668.164; 34 CFR 668.167; 34 CFR 682.604; *Common Manual*, Chapter 8, Subsection 8.7.A.
 - Appropriate documentation for late disbursements and post-withdrawal disbursements. References: 34 CFR 668.22(a)(4); 34 CFR 668.164(g); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Subsection 9.5.A.

Return of Title IV Funds

- A. Appropriate determination of out-of-school date. References: 34 CFR 668.22(b); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Section 9.4.
- B. Accurate date of determination of the student's withdrawal. References: 34 CFR 668.22(l)(3); DCL Gen-04-03; *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Section 9.4.
- C. Accuracy of the calculation. References: 668.22(e), (f), (g), and (h); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Subsection 9.5.A.
- D. Timeliness of refunds. References: 668.22(j); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Subsection 9.5.B.
- E. Order of refunds. References: 34 CFR 668.22(i); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Subsection 9.5.B.
- F. Compliance with post-withdrawal disbursement and late disbursement criteria. References: 34 CFR 668.22(a)(4); 34 CFR 668.164(g); *Federal Student Aid Handbook*, Volume 4, Chapter 2; *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Subsection 9.5.A.
- G. Notice of refund to borrower. References: 34 CFR 682.607(a)(2); *Federal Student Aid Handbook*, Volume 5, Chapter 2; *Common Manual*, Chapter 9, Subsection 9.5.B.

Exhibit F

Compliance Checklist for Pennsylvania State Grants

This checklist is provided to assist school officials in evaluating their current policies and procedures for administering the Pennsylvania State Grant program. The following items are included in all routine program reviews. Each item includes references to the applicable section(s) of the *Pennsylvania State Grant Certification Procedures*.

General Information

A. Disbursement Schedules

- Semester disbursements (2 disbursements per year).
- Quarter disbursements (3 disbursements per year).
- Summer disbursements (always awarded and disbursed separately).

Reference: *Pennsylvania State Grant Certification Procedures*, Section II.

B. Roster Processing

- Timeframes for returning rosters.
- Reporting changes.
- Completing the reconciliation roster.
- Awards made after reconciliation.

Reference: *Pennsylvania State Grant Certification Procedures*, Section II.

C. Crediting student accounts

- Preliminary credit.
- Final credit.
- Audit trails.
- Term-by-term crediting.
- Identification of the State Grant payment.
- Record retention

Reference: *Pennsylvania State Grant Certification Procedures*, Section II.

D. Schools with modular or irregular academic terms

- Crediting periods
- Term definitions – must be consistent with term definitions included in Section II. A. 2. of the State Grant Certification Procedures. Students enrolled in terms that are shorter or longer than those defined in the Certification Procedures may not be eligible for a State Grant.
- Required term start dates.
- Irregular or continuous enrollment.
- Hospital Schools of Nursing – crediting periods.

Reference: *Pennsylvania State Grant Certification Procedures*, Section II.

Student Eligibility

A. Enrollment requirements.

- Full-time.
- Half-time.
- Non-degree programs must use clock hours to certify eligibility.

- Unofficial withdrawals.
- Remedial courses.
- Final year student exception to full-time enrollment.
- Evening students.
- Advanced standing.
- Retaking courses.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

B. Undergraduate status.

- Student must be enrolled in an undergraduate program.
- Student must not already have a graduate or professional degree.
- Student cannot receive a baccalaureate or first professional degree prior to the end of the term to which the State Grant is credited.
- Exception for bona fide five-year programs.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

C. Pennsylvania domicile

- Student must be a domicile of Pennsylvania for at least 12 months immediately preceding the filing date of the State Grant application.
- A student who is registered to vote out-of-state is considered to have abandoned Pennsylvania domicile and is not eligible for any subsequent terms of State Grant aid until the student's out-of-state voter registration is cancelled and the student registers to vote in Pennsylvania.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

D. Approved programs of study

- Must be 2 academic years offered over a period of 15 months.
- Must include a minimum of 50% classroom instruction.
- Student must be enrolled as a degree-seeking student by the school.
- Business, trade, or technical schools must have all new programs—and any changes to existing programs—approved by AES/PHEAA on an individual basis.
- All programs must be structured to allow enrollment on at least a half-time basis.
- A student who transfers from an approved to a non-approved program must be treated as a withdrawal for State Grant purposes.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

E. School eligibility requirements

- A Pennsylvania college or university must be approved by the PA Department of Education (PDE) and accredited by a recognized Accrediting Agency.

- A Pennsylvania hospital school of nursing must be provisionally or fully approved by the State Board of Nursing and accredited by the National League for Nursing (NLN).
- A Pennsylvania trade, technical, or business school must be approved by PDE, or licensed by the State Board of Private Licensed Schools throughout the preceding 24 months and must be accredited by a recognized Accrediting Agency.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

F. Academic progress

- Regular students.
- Transfer students.
- Award counters.
- Prior State Grant information.
- Credit/clock hour conversions.
- Visiting/Two-school enrollment.
- Exceptions to academic progress test.
 - i. Students enrolled in remedial/developmental courses.
 - ii. Medical exception.
 - iii. Final term exception.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

G. Housing status

- Dormitory/off-campus/commuter.
- Reporting changes to housing status.

Reference: *Pennsylvania State Grant Certification Procedures*, Section III.

H. Required adjustments to the State Grant

- Gift aid test.
- Additional award budgets.
- Determine the period of time to apply the gift aid test (full academic year or term-by-term).
- If total gift aid exceeds the student's additional award budget by more than \$100 for the academic year (\$50 per semester or \$33 per quarter), an adjustment to the State Grant or other gift aid is required.
- The school should not normally retain a State Grant which (after the gift aid adjustment) is less than \$200 for the academic year (\$100 per semester or \$66 per quarter).
- Gift aid definitions and exceptions.
- Tuition waivers.
- Compensation for services.
 - i. Resident assistants.
 - ii. National and Community Service Trust Act of 1993.
 - iii. "Loan Forgiveness."

Reference: *Pennsylvania State Grant Certification Procedures*, Section IV.

- I. Change in enrollment status
 - Enrollment changes prior to crediting.
 - Enrollment changes after crediting.
 - Drop from full-time to eligible part-time.
 - Transfer to non-approved program.Reference: *Pennsylvania State Grant Certification Procedures*, Section IV.
- J. Different educational costs
 - 25% difference (higher or lower) in costs.
 - i. Tuition and fees.
 - ii. Room and board.Reference: *Pennsylvania State Grant Certification Procedures*, Section IV.

Special Enrollment Situations

- A. Internships or practicums.
 - B. Programs requiring enrollment at a different school.
 - C. Visiting student at another school.
 - D. Visiting student at your school.
 - E. Two-school enrollment.
 - F. Study abroad.
- Reference:
- Pennsylvania State Grant Certification Procedures*
- , Section V.

Other Conditions that may Impact State Grant Eligibility

- A. Changes in Federal Pell grant eligibility.
 - B. Non-sponsoring status (PA Community Colleges only).
 - C. Social Security Number corrections.
 - D. Incarcerated students.
 - E. Students with a defaulted student loan.
 - F. Class level (hospital schools of nursing only).
- Reference:
- Pennsylvania State Grant Certification Procedures*
- , Section VI.

Exhibit G

Common Program Review Findings

Federal Family Education Loan Program

1. Out-of-school dates not properly reported to NSLDS
2. Loan funds not credited/delivered within the required time period
3. Entrance/Exit counseling not documented
4. Incorrect return of Title IV funds calculations
5. Untimely return of funds to lenders
6. Untimely return of credit balances to student/parent borrowers
7. Insufficient documentation for professional judgment decisions
8. Incomplete financial aid policies
9. Incomplete/Inaccurate verification
10. Failure to resolve conflicting information
11. Non-compliance with cash management requirements
12. Second disbursements requested/credited too soon

Pennsylvania State Grant Program

1. Satisfactory academic progress – transfer students
2. Satisfactory academic progress – non-transfer students
3. Different educational costs/cost overrides
4. Incorrect enrollment status (full-time award for part-time enrollment)
5. Full-time/part-time for non-traditional programs
6. Gift aid overawards
7. Housing changes not reported
8. Remedial status not reported
9. Evening students not reported
10. Crediting after withdrawal
11. State Grant not adjusted for student withdrawal
12. Irregular academic terms

IAG Program

1. Term completion

NETS Program

1. Annual GPA not monitored
2. Student not maintaining a 3.0 GPA
3. Internship requirement not fulfilled
4. Change in enrollment status
5. Failure to report graduation/completion of internship

PATH Program

1. PATH funds credited prior to receipt of sponsoring funds
2. PATH funds credited, sponsoring funds never received
3. PATH funds not credited to student account