

# Chapter

# 6

## Title IV Reporting, NSLDS, Audit, Program Review, and Guaranty Agency Procedures

### Summary

This chapter begins with a discussion of reports that are unique to non-campus-based Title IV student financial aid programs, then addresses campus-based programs in an overview of the **Fiscal Operations Report and Application to Participate (FISAP)**. Other reports, audits, and program reviews required by ED are also covered in this chapter.



### Key Terms \*

A-133 Audit	Final Program Review Determination (FPRD) letter
acknowledgement	Financial Services (FS)
Administrative Cost Allowance (ACA)	Fiscal Operations Report and Application to Participate (FISAP)
<i>Audit Guide</i>	Grant Administration and Payment System (GAPS)
cash detail record	Institutional Capital Contribution (ICC)
cash summary record	level of expenditure (LOE)
closed award	loan detail record
Compare Program	Multiple Reporting Record (MRR)
compliance audit	National Student Loan Data System (NSLDS)
corrective action plan (CAP)	Office of Management and Budget (OMB)
data request record	open award
Direct Loan Origination Center (LOC)	origination record
Direct Loan School Account Statement (DLSAS)	post-screening
Direct Loan Servicing Center (DLSC)	Potential Overpayment Project (POP)
disbursement record	Recipient Financial Management System (RFMS)
EDExpress	reconciliation
Electronic Statement of Account (ESOA)	Single Audit Act
Federal Capital Contribution (FCC)	special disbursement record
Final Audit Determination Letter (FADL)	Student Status Confirmation Report (SSCR)

\*Key terms are in boldface type when they first appear in the text.

**Reference:**

- *Student Financial Aid Handbook, Volume 3: Federal Pell Grant Program*

**Reference:**

- *Student Financial Aid Handbook, Volume 3: Federal Pell Grant Program*
- *2000 – 2001 Pell Grant RFMS Technical Reference*
- DCL P-00-2
- DCL P-00-01

\*Schools can send in any number of origination records.

## 6.1 Federal Pell Grant Reporting

A school's financial aid office is responsible for determining student eligibility for Federal Pell Grants, awarding Federal Pell Grant funds, and authorizing the school's business office to disburse the funds to students or credit students' school accounts. Once Federal Pell Grant funds have been disbursed or credited to a student's school account, a school is responsible for reporting the student payment information to ED. This may be a function of a school's financial aid office *or* business office *or* both offices.

The school reports student Federal Pell Grant payment information to ED through the **Recipient Financial Management System (RFMS)**. RFMS enables ED to track a school's need for Federal Pell Grant funds and adjust the school's funding authorization. The system also provides documentation that allows the school to reconcile records of expenditures reported to ED with the school's records of payments made to students.

### *Recipient Financial Management System (RFMS)*

Schools use the Recipient Financial Management System (RFMS) to transmit Federal Pell Grant data. There are basically four categories of data an institution sends to RFMS:

1. **origination record**
2. **disbursement record**
3. **special disbursement record** (This record will no longer be used beginning with the 2001-02 Federal Pell Grant award year.)
4. **data request record**

*Origination records\**:

- ◆ include demographic data about the school and, if applicable, its branches,
- ◆ report to RFMS on expected award information about each student who may receive a Federal Pell Grant,
- ◆ must be created before a disbursement can be made,
- ◆ may be sent with the initial disbursement record, *and*
- ◆ verify a student's eligibility for a specific annual award amount.

Origination records are not used to obligate funds or post transactions to the school's account.

\*Schools cannot send in their disbursement records before a date specified by RFMS, usually the end of June of the award year. They must, however, send in their disbursement records no more than 30 days after the actual disbursement.

\*\*This record will no longer be used beginning with the 2001-02 Federal Pell Grant award year.

*Disbursement records\**:

- ◆ report a disbursement, including the actual amount and date, or expected disbursement, for each student,
- ◆ can be sent to RFMS up to 30 days before and 30 days after the actual disbursement,
- ◆ are submitted with or after the origination record, *and*
- ◆ drive the school's funding level in the **Grant Administration and Payment System (GAPS)**.

*Special disbursement records\*\**:

- ◆ are required for all institutions ED places on reimbursement,
- ◆ may be submitted by any institution to send period-specific data, *and*
- ◆ contain information necessary to calculate the payment for the specific payment period to which the disbursement applies.

*Data request records* are used to request:

- ◆ the **Electronic Statement of Account (ESOA)** *and*
- ◆ year-to-date information.

Schools also use data request records to retrieve multiple-reporting information for students who have awards originated at more than one institution.

Acknowledgement

After ED processes any RFMS Federal Pell Grant record (including an origination record or disbursement record), schools generally receive an **acknowledgement** within 3 to 5 hours and have funds available to draw down from GAPS within a few days. Data request acknowledgements are generally returned within 24 hours. The acknowledgement identifies each record the school sent to ED in one of the following categories:

- ◆ *Accepted* – The school should keep these records in its files. The school does not need to resubmit them unless the award-year data change.
- ◆ *Corrected* – The information is incomplete, so RFMS makes certain corrections to accept the data. The school must review the information and resubmit it if RFMS's corrections are inaccurate.
- ◆ *Rejected* – The data are inconsistent or inaccurate and cannot be accepted for payment. These records must be corrected and resubmitted. The

**Reference:**

[www.pellgrantsonline.ed.gov](http://www.pellgrantsonline.ed.gov)

**Reference:**

- *2000 – 2001 Pell Grant RFMS Technical Reference*

rejected category includes duplicates of records ED previously accepted for award years prior to 2001-02. The school should keep these records in its files. Duplicates should not be resubmitted unless the award-year data change.

- ◆ *Duplicate* – For the 2001-02 award year and beyond, RFMS will return a “D” action code for duplicate records already on file within RFMS.

### Electronic Letters

RFMS can send electronic letters to schools about Federal Pell Grants as needed. It sends electronic letters in an ASCII text format. To improve access to RFMS, institutions will be able to submit data records via the Internet. This Internet site will be available 24 hours a day, 7 days a week.

### **Requesting Data**

RFMS provides a school with the following tools to help manage its Federal Pell Grant database:

- ◆ Electronic Statement of Account (ESOA),
- ◆ **Multiple Reporting Record (MRR)**,
- ◆ Year-to-Date Data, *and*
- ◆ **Reconciliation** File Record.

### Electronic Statement of Account (ESOA)

A school’s authorization is defined as the maximum amount of Federal Pell Grant funds it may draw down from GAPS to disburse to students. ED reports authorizations to schools in an electronic format called the Electronic Statement of Account (ESOA).

Schools receive an ESOA immediately after GAPS processes the authorization or additions to the authorization. The ESOA includes:

1. a summary with information such as current authorization amounts and year-to-date disbursement amounts,
2. a status of the account when the last ESOA was sent to the school, *and*
3. a detail record that lists each transaction processed between RFMS and GAPS.



Reference:

- 2000 – 2001 Pell Grant  
RFMS Technical  
Reference

\*Although RFMS reduces the problem of overpayments, it is possible to have concurrent enrollment of the same student or two schools submitting a disbursement record for the same student at the same time.

Multiple Reporting Record (MRR)

Once a disbursement record is sent, a Multiple Reporting Record (MRR) is sent automatically if a **Potential Overpayment Project (POP)** or concurrent enrollment occurs.\*

- ◆ *POP* occurs when more than one school sends a disbursement record for a student *and* the percentage of the student's Federal Pell Grant eligibility that is used is greater than 100 percent.
- ◆ *Concurrent enrollment* occurs when more than one school sends in a disbursement record for the same student with enrollment dates within 30 days of each other.

Schools can also request an MRR from RFMS to obtain information about any other schools that may have submitted origination records or disbursement records for their students. Schools can request an MRR six ways:

1. *OA* – RFMS provides the school with information about all origination records it has received where the original Social Security number (SSN) and name code match the origination records the school submitted. *OA* can also be used to find out if other schools have submitted origination records for the school's students.
2. *OS* – RFMS returns information about other schools that submitted origination records for selected students. Schools can use this option for transfer students.
3. *OI* – RFMS returns information about all students that is originated at selected schools. Schools might use this option to specify all records from a school that many of its students transfer to or transfer from.
4. *DA* – RFMS provides the school with information about all the disbursement records it has received where the original SSN and name code match the disbursement records the school submitted.
5. *DS* – RFMS returns information about other schools that have submitted disbursement records for selected students.
6. *DI* – RFMS returns information about all students who had disbursement records submitted at selected schools.

**Reference:**

- 2000 – 2001 Pell Grant  
RFMS Technical  
Reference

### Year-to-Date Data

The Year-to-Date (YTD) summary record in **EDEExpress** or other RFMS-compatible software record replaces the Student Payment Summary (SPS). Using EDEExpress, YTD data provide summary statistics for:

- ◆ all recipients,
- ◆ all origination records,
- ◆ originations accepted,
- ◆ originations accepted with corrections,
- ◆ all disbursement records,
- ◆ disbursements accepted,
- ◆ disbursement accepted with corrections, *and*
- ◆ counts for rejects and warning codes.

An institution can request YTD records for all of the activity posted to the RFMS database up to the present. RFMS creates a set of records for every student the institution has reported for the award year. Each student has a year-to-date origination record and year-to-date disbursement record for each disbursement accepted.

Institutions may request YTD records for all students or for selected students who are specified in the data request record.

### Reconciliation File

The reconciliation file helps institutions in the reconciling process. This file is a one-record summary of the data RFMS has for the student. An institution can use this file to reconcile the total disbursement amount per student within RFMS. See the electronic announcement dated July 27, 2000 posted on the IFAP Web site for further information.

### ***Administrative Cost Allowance (ACA)***

A school participating in the Federal Pell Grant Program is entitled to an **administrative cost allowance (ACA)** to help offset the costs of administering it and other campus-based programs. ED notifies the school of the amount of its ACA by an RFMS electronic letter several times a year, and it pays the school automatically by EFT.

\*ACA has a wider use than administering the Federal Pell Grant Program.

A school receives \$5 for each of its reported Pell Grant recipients. Students who later withdraw are included in the number of recipients, as are transfer students. Students whose payment data are rejected by ED are not included.

The ACA must be used only to help pay the costs of administering the Federal Pell Grant Program and the campus-based programs.\* If a school enrolls a significant number of less-than-full-time students or independent students, the school is required to use a reasonable portion of the ACA to ensure financial aid services are available to those students.

## 6.2 William D. Ford Federal Direct Loan Program Reporting

Schools participating in the William D. Ford Federal Direct Loan Program (Direct Loan Program) perform a number of reporting functions for the program. Because Direct Loans are disbursed directly to students through their schools, schools must report disbursements and other information to ED on a regular basis. Using the **Student Status Confirmation Report (SSCR)**, schools must report the enrollment status of Direct Loan student borrowers. (SSCR will be discussed in detail in section 6.4 on the **National Student Loan Data System [NSLDS]**).

Direct Loan schools send electronic reports and other communications directly to the **Direct Loan Origination Center (LOC)**.

With the exception of promissory notes and Direct PLUS Loan combined applications/promissory notes (both of which are paper documents), all records transmitted by schools to the LOC are electronically formatted records. Many schools participating in the Direct Loan Program use PC-based EDEExpress software to administer the program, some operate on a “mainframe-to-mainframe” basis with the LOC, and still others use a combination of EDEExpress and other external systems or software from another vendor.

Up to the point that Direct Loans are disbursed, most of a school’s communication with the LOC can be handled by the school’s financial aid office. Reporting functions, such as exit counseling reporting, occur after loan disbursement and can be handled by a school office other than the financial aid office, such as the business office.

### **Monthly Reconciliation**

Schools participating in the Direct Loan Program must reconcile funds on a monthly basis. The reconciliation process involves comparing the school’s internal Direct Loan records with the cash balance on the school’s monthly **Direct Loan School Account Statement (DLSAS)** received from the LOC. The DLSAS calculates a school’s cash balance by adding and subtracting the following cash records:



**Reference:**

- *Direct Loan School Guide*
- DLB 97-49

- ◆ drawdowns (also called cash receipts or cash advances),
- ◆ returns of excess cash,
- ◆ disbursements to borrowers, *and*
- ◆ adjustments to disbursements.

The LOC is responsible for initiating the reconciliation process by transmitting the DLSAS electronic file to schools on a monthly basis. However, it is the school's responsibility to review the DLSAS on a monthly basis and resolve any discrepancies with the LOC as quickly as possible.

In effect, the school is responsible for reconciling Direct Loan funds. Any items not reconciled with the LOC and DLSAS by the end of the following month will be included on the next DLSAS for further attempts at reconciliation.

Sometimes there may be items not reconciled before the next month's reconciliation begins. These unreconciled items will be included in the next reconciliation, and all of these items should reconcile in the next month's reconciliation. This is similar to a bank statement in that most records will reconcile, but because of timing differences or rejections, not everything is always reconciled the first time.

After receiving a DLSAS from the LOC, schools are required to review and compare the monthly DLSAS to their internal records to ensure the accuracy of the data on both the school's system and the LOC's system. Schools must reconcile the ending cash balance reflected in the monthly DLSAS cash summary with the cash balance reflected in their internal records.

If there are unreconciled records, the school must review each one and, with the help of the LOC and/or the school's Direct Loan Client Account Manager (CAM), determine why it did not reconcile. The next section provides guidance in reconciling records.

The DLSAS file the LOC creates and exports to schools contains three files:

- ◆ the **cash summary record**,
- ◆ the **cash detail record**, *and*
- ◆ the **loan detail record** (optional).

#### Cash Summary Record

The cash summary for each month begins with the ending cash balance from the previous month. At the beginning of each academic year, the beginning cash balance should be zero.

The cash summary summarizes:

- ◆ drawdowns for the month,
- ◆ excess cash received by the LOC for the month,
- ◆ all disbursements acknowledged and booked for the month,
- ◆ disbursements and adjustments,
- ◆ booked loans, *and*
- ◆ accepted disbursements for unbooked loans.

A loan is “booked” when

- ◆ the LOC has received and accepted a loan origination record;
- ◆ the LOC has accepted a signed promissory note from the borrower; *and*
- ◆ the disbursement record has been transmitted to and accepted by the LOC.

#### Cash Detail Record

The cash detail record provides a detailed listing of all drawdowns and excess cash by transaction. Information in the cash detail section should be compared with the school’s internal records and bank statements. The information on drawdowns comes from GAPS; the information on excess cash returned comes from the LOC.

#### Loan Detail Record

The loan detail record is *optional*. For schools that choose to receive a loan detail record, the DLSAS file includes booked disbursement transactions acknowledged during the month.

Schools that do not want a loan detail record as part of the DLSAS file must contact their LOC customer service representative to have it omitted from their electronic file. A school can, however, request a loan detail record for a specific month, even if it does not want a loan detail record included in its DLSAS on a regular basis.

Some common reasons loan detail records fail to reconcile are:

- ◆ the loan was never “booked,” meaning the LOC did not receive it or rejected one or more of the following—the promissory note, the origination record, or the disbursement record, *or*
- ◆ the disbursement record or adjustment record was never sent to the LOC.

Reasons cash detail records fail to reconcile are missing or mismatched cash receipts or excess cash records from either the school or LOC.

After the school has corrected the rejected records, the school should transmit another (corrected) data file for the same reconciliation period to the LOC. The LOC repeats the process of comparing the school's records with its records. This process continues until all records are reconciled.

### ***Tools to Help with Reconciliation***

If a school is having problems reconciling records, it can use:

- ◆ school system reports,
- ◆ the loan detail exception file (#L Batch) data compare option, *and*
- ◆ the **Compare Program**.

### School System Reports

Five school system reports can be used to help schools reconcile:

1. booked status report
2. cash management report
3. loans with origination records not in Accepted ("A") status
4. loans with promissory notes not in "A" status
5. loans with disbursement records not in "A" status

### Loan Detail Exception File

The loan detail exception file (#L Batch) data compare option exports loan data from the school's system. The data exported to the LOC are booked data for a specified month and cumulative unbooked data. The LOC returns a side-by-side comparison report that compares the LOC data with the school data line-by-line.

### The Compare Program

Direct Loan Client Account Managers (CAMs) help schools with reconciliation using the Compare Program. The Compare Program electronically compares a school's 732 Detail Report (732) against its EDEXpress database. The Compare Program shows if a school has:

- ◆ unbooked loans on the 732 Report,
- ◆ loan records on the school's system but no corresponding record on the 732 Report,

- ◆ loan records on the 732 Report but no corresponding records on the school's system,
- ◆ corresponding loan records but net disbursement amounts that don't match, *and*
- ◆ any cash records that don't match because of different amounts, missing records, or dates outside a tolerance window.

Schools with questions about reconciliation can call the LOC's Direct Loan Customer Service Center at 1-800-848-0978 for assistance.

### ***Exit Counseling Reporting***

Schools are required to provide exit counseling for Direct Loan borrowers who withdraw, graduate, or drop below half-time enrollment. During exit counseling, borrowers are responsible for updating information in a school's records concerning:

- ◆ name,
- ◆ address,
- ◆ Social Security number,
- ◆ personal references,
- ◆ driver's license number and state where it was issued (if the borrower has a license),
- ◆ expected permanent address, *and*
- ◆ name and address of expected employer (if known).

ED has advised schools to retain the information in their files for future use in case they need to find borrowers who are late with payments or who default on any of their Title IV loans.

## **6.3 Federal Family Education Loan (FFEL) Program Reporting**

Schools are required to report enrollment and other information about Federal Family Education Loan (FFEL) Program student borrowers on a regular basis. This is done by completing a Student Status Confirmation Report (SSCR).\* (SSCR will be discussed in detail in the next section, National Student Loan Data System [NSLDS]).

\*The same reporting requirements for NSLDS apply to Direct Loan Schools.

**Exit Counseling Reporting**

Shortly before FFEL Program student borrowers withdraw, graduate, or drop below half-time enrollment, they are required to update information in a school's records concerning:

- ◆ name,
- ◆ address,
- ◆ Social Security number,
- ◆ personal references,
- ◆ driver's license number and state where it was issued (if the borrower has a license), *and*
- ◆ name and address of expected employer (if known).

Schools are required to report this updated exit information to the student's guaranty agency within 60 days of receiving it.

**6.4 National Student Loan Data System (NSLDS)**

The National Student Loan Data System (NSLDS) is the national database for Title IV loan and grant program information. NSLDS maintains a record for each student who receives aid from certain Title IV programs. NSLDS contains data on recipients from:

- ◆ the Federal Family Education Loan (FFEL) Program,
- ◆ the William D. Ford Federal Direct Loan Program,
- ◆ the Federal Perkins Loan Program (including NDSLs and National Defense Student Loans),
- ◆ the Federal Pell Grant Program, *and*
- ◆ the Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

**Accessing NSLDS**

NSLDS access is available from two Web sites. There is one Web site for school users and one for student users. School users are required to have user IDs and passwords to access restricted sites on the NSLDS Web site for financial aid professionals. Schools can access information only for students who attended their school. Students are required to use an ED-assigned PIN to access their personal information on the NSLDS Web site for students.

**Reference:**

- *The Paperless Link NSLDS: Quick Reference Guide, October 1998*

**Reference:**

[www.nsls.ed.gov](http://www.nsls.ed.gov)  
[www.nslsfap.ed.gov](http://www.nslsfap.ed.gov)

### **Data Providers**

NSLDS receives data from multiple sources, both internal and external to ED, and it maintains those data in several integrated databases. The data are available to many different system users for administration, research support, policy analysis, and other management purposes.

#### ED's Internal Data Sources

ED's internal data sources include the Central Processing System (CPS), ED's Debt Collection Service (DCS), the **Direct Loan Servicing Center (DLSC)**, the Postsecondary Education Participant System (PEPS), and the Recipient Financial Management System (RFMS).

- ◆ *CPS* – performs the eligibility prescreening function that identifies recipients who potentially are ineligible for additional Title IV aid.
- ◆ *DCS* – provides updates on defaulted Federally Insured Student Loans (FISLs), Federal Perkins Loans, and FFEL Program loans assigned to ED for collection.
- ◆ *DLSC* – supplies NSLDS with monthly data on Direct Loan recipients.
- ◆ *PEPS* – provides a means to convert Federal Pell Grant institution codes, FFEL Program school IDs, and campus-based school codes to OPE-IDs.
- ◆ *RFMS* – provides NSLDS with Federal Pell Grant payment information on a weekly basis.

#### ED's External Data Sources

ED's external data sources include guaranty agencies, lenders, schools, and third-party servicers.

- ◆ *Guaranty Agencies*—Guaranty agencies provide data monthly to NSLDS on FFEL Program loans held by lenders or by the guaranty agencies themselves. While agencies submit data monthly, outstanding principal balances may be up to four months old since lenders may report balances to their guaranty agency only on a quarterly basis.
- ◆ *Lenders*—Lenders or their servicers are required to provide information to their affiliated guaranty agencies (for subsequent submission to NSLDS) on loan sales, deferments, disbursements, refunds, cancellations, interest rates, loan status, and preclaims assistance requests.
- ◆ *Schools*—Schools (or their third-party servicers, if applicable) are required to provide:

- ◆ Student Status Confirmation Report (SSCR)—*enrollment information to NSLDS using the SSCR;*
- ◆ Overpayment information—*Pell Grant and FSEOG overpayment information to NSLDS;* and
- ◆ Federal Perkins Loans data—*accurate data every 30 days to NSLDS on Federal Perkins Loans (including overpayment information), NDSLs, and National Defense Student Loans.*

NSLDS provides a flexible, accessible, and comprehensive database of Title IV information that can be used for a wide range of research and reporting purposes. The database is secure with controlled access to both ED and approved external users.

While NSLDS is used primarily as an information resource for schools, its existence changed reporting procedures for the SSCR, overpayments, and the Federal Perkins Loan Program.

### ***Student Status Confirmation Report (SSCR)***

Since January 1, 1998, federal regulations have required all schools to have online access to NSLDS, whether the school uses a third-party servicer or mainframe-to-mainframe connectivity to exchange SSCR files. The primary reason for this requirement is to ensure schools have access to the NSLDS online financial aid history screens.

- ◆ If the school uses a third-party servicer to perform the SSCR function on its behalf, the school must indicate the servicer on its Program Participation Agreement with ED.
- ◆ If a school changes or adds a third-party servicer, it must report this to ED to be in compliance.
- ◆ If the school hires a third-party servicer to perform its SSCR function, the third-party servicer is the destination point for the exchange of SSCR data. The data will not be sent to the school.

The Higher Education Act of 1965, as amended (HEA), requires schools to confirm and report the enrollment status of students who receive federal loans.

- ◆ Schools comply with the federal requirement to update and provide current enrollment information through the SSCR process.
- ◆ The SSCR reporting process is the same for Direct Loan Program Loans and FFEL Program Loans.

The SSCR process plays a critical role in effectively administering Title IV loan programs. It is the primary means of verifying student loan deferment and



#### **Reference:**

- 34 CFR 682.610(c)
- 34 CFR 685.309(b)

award eligibility, and it provides a basis for the federal government's monetary obligations.

Using the SSCR process, schools can update enrollment information in NSLDS through two methods: the batch method or online method.

- ◆ *Batch Method* : This method allows a school to receive a single electronic SSCR file, fully process it in its computing environment, and transmit the SSCR data back to NSLDS—again as a single file.
- ◆ *Online Method* : This method allows a school to update enrollment data directly on the screens in NSLDS using 3270 Emulator.

In some circumstances, there are advantages to using the online method:

- ◆ If a school needs to correct a few student records on a previously submitted SSCR or make an ad hoc report for a change in student status, online updating is appropriate.
- ◆ The SSCR software module allows a school to update and build a submittal file on its personal computer off-line (that is, without being connected to NSLDS) and transmit it using EDconnect 32-bit software.
  - ◆ For more information about the SSCR software, call CPS Customer Service at 1-800-330-5947.
  - ◆ To order the SSCR 32-bit software, the number to call is 1-800-330-5947.

There are three files associated with the SSCR process:

1. SSCR Roster File
2. SSCR Submittal File
3. SSCR Error Notification File

#### SSCR Roster File

The SSCR Roster File is sent to a school or its third-party servicer and contains a list of borrowers who are recorded in the NSLDS database as being enrolled at that school or who have withdrawn in the last six months. The students will have one of these six statuses:

1. F—full time
2. G—graduated
3. H—half time



**Reference:**

- *SSCR User's Guide*

4. L–less than half time
5. A–authorized leave of absence
6. W–withdrawn

Students reported to NSLDS with a “G” or “W” enrollment status remain on the roster 180 days from the reported date of graduation or withdrawal.

A school sets its own schedule for receiving SSCR Roster Files, using the online screens. The schedule must meet the following ED requirements:

- ◆ In a 12-month period, a school must request a minimum of at least two SSCRs and may request a maximum of up to six SSCRs.
- ◆ A school may not schedule SSCR rosters for successive months.
- ◆ If the school has term-based programs, at least one SSCR must be requested each regular term.
- ◆ If a school schedules fewer than four SSCRs, the SSCRs must be scheduled at least four months apart.
- ◆ A school may change its SSCR schedule at any time, as long as ED’s requirements are met.
  - ◆ If a school wants to change its schedule for receiving SSCRs, it should make the change at least ten days before the next scheduled delivery of a roster.

If a school does not establish its own schedule, NSLDS will send rosters every other month during the academic year.

#### [SSCR Submittal File](#)

Within 30 calendar days of a school receiving the SSCR Roster File, the school must review the data, make any necessary changes, and send in the SSCR Submittal File. NSLDS retrieves the updated file from the school’s Student Aid Internet Gateway (SAIG) mailbox.

Schools that don’t comply with the 30-day requirement may be subject to actions by ED.

ED sends “overdue letters” to schools if they have not complied on time. These letters remind schools of their SSCR obligations and ED’s enforcement options.

If a school uses a third-party servicer, it is a business relationship. The school is responsible for the performance of the third-party servicer in handling SSCR responsibilities.

### SSCR Error Notification File

After NSLDS receives and processes the data in the school's SSCR Submittal File, it returns an SSCR Error Notification File to the school. This file documents the school's compliance with SSCR requirements.

NSLDS will always generate an SSCR Error Notification File, even if it is to report there are no errors in a school's SSCR Submittal File.

- ◆ If errors are noted, the school has ten calendar days to respond to the error report and correct the errors.
- ◆ The notification file will continue to be sent to a school until the errors are corrected or the next cycle comes up.
- ◆ All unresolved errors appear in the next SSCR cycle and are monitored by ED.
- ◆ If the file contains no errors, the school does not need to respond. However, the school should keep the file as proof the institution successfully completed the SSCR requirement.
- ◆ The school can correct errors online, even if the initial SSCR Submittal File was returned using the batch process.

### **Overpayments**

The HEA states a student is not eligible to receive Title IV funds if he or she owes an overpayment on Title IV aid. Schools must notify NSLDS about students who currently owe an overpayment on a Federal Pell Grant, FSEOG, or Federal Perkins Loan.

Schools must report overpayment information for:

- ◆ overpayments that haven't been repaid,
- ◆ overpayments that haven't been resolved, *and*
- ◆ overpayments where the student has made satisfactory payment arrangements.

Once a school notifies NSLDS about a student's overpayment, the overpayment information will appear on NSLDS's financial aid history screens and overpayment screens, which allows other schools to view the information. A process called **post-screening** results in an exchange of information between the Central Processing System (CPS) and NSLDS. If a student's eligibility changes because of overpayment information being added, NSLDS generates new Institutional Student Information Records (ISIRs) to schools and a new Student Aid Report (SAR) to the student.



#### **Reference:**

- HEA, Section 484(a)(3)
- DCL GEN-98-14
- DCL GEN-98-22



#### **Reference:**

- *Electronic Aid Office Training Guide*

Anytime an ISIR showing a student has received an unresolved overpayment is received by a school, the school must deny Title IV aid to that student until the overpayment has been resolved.

Schools are required to report any new overpayments and changes to previously submitted overpayment information no later than 30 days after the school becomes aware of the overpayment or of the needed change.

Overpayments previously reported by schools to ED's Debt Collection Service (DCS) are entered into NSLDS by ED. Schools do not need to enter those overpayments into NSLDS.

Reporting overpayment information to NSLDS is separate and distinct from the requirement that institutions refer unsuccessfully collected overpayments to ED so DCS can collect the overpayments.

**Reference:**

- *Electronic Aid Office Training Guide*

**Federal Perkins Loan**

All schools must report Federal Perkins Loan data electronically using the Internet.

Schools or their third-party servicers must report Federal Perkins Loan data to NSLDS monthly. The school or third-party servicer makes an initial submission of data to NSLDS that includes:

- ◆ all active loans in the school's Federal Perkins Loan portfolio, regardless of status (except those permanently assigned to ED) *and*
- ◆ all Federal Perkins Loans closed on or after October 1, 1989.

After initially submitting Federal Perkins Loan data, schools or their third-party servicers are required to report only data for new loans and data changes for active loans. All data submitted to NSLDS must be as complete and correct as possible and submitted according to a schedule established by ED.

The process for submitting ongoing Federal Perkins Loan data includes:

- ◆ extracting specific data elements from each qualified loan record in the school's database;
- ◆ formatting the data in a standard manner;
- ◆ editing and verifying the data; *and*
- ◆ creating a submission file of the data to send to NSLDS.

## 6.5 The Fiscal Operations Report and Application to Participate (FISAP)

The electronic Fiscal Operations Report and Application to Participate (FISAP) is:

- ◆ an application a school completes to receive funds from one or more Title IV campus-based programs for the upcoming award year *and*
- ◆ an annual report of financial and enrollment activity for the previous award year.

The business office, financial aid office, and registrar's office should work together closely to gather information needed to complete the FISAP. (The actual office involved with completing the FISAP can vary from school to school.) The information on the FISAP must be verified before submitting it to ED.

### Reference:

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*
- *FISAP Technical Reference*
- DPL CB-01-02

Schools applying for campus-based funds for the first time will not have Title IV program expenditures to report for the previous award year. However, these schools must still complete and file Part I, including the certifications, and Part II of the FISAP to request funds for the upcoming award year.

Beginning with the 2000-01 award year, schools are required to submit their FISAPs to a campus-based program contractor using ED's electronic Student Aid Internet Gateway (SAIG); they must use EDConnect (FISAP for Windows) software to transmit their FISAP data. The data is then processed and returned to the school's SAIG mailbox.

Schools must file a FISAP electronically no later than October 1 of each calendar year. Each annual FISAP reports information for the preceding award year that ended on June 30 of the current calendar year and requests funds for the following award year that begins on July 1 of the following calendar year.

- ◆ For example, when a school files a FISAP on October 1, 2001, it will report for the period from July 1, 2000 through June 30, 2001 (the previous award year) and apply for the period July 1, 2002 through June 30, 2003 (the upcoming award year).

ED electronically distributes the FISAP cover letter, installation guide, and software to schools no later than August 1 each year. Schools may download the *FISAP Instruction Booklet* and the *FISAP Technical Reference* from ED's Information for Financial Aid Professionals (IFAP) Web site. All FISAP edits must be resolved or explained to ED's satisfaction before any Title IV funds are allocated. Schools should receive a final edit report from ED by November 15 of each calendar year; they must submit any edit corrections by December 15.



### Reference:

[www.ifap.ed.gov](http://www.ifap.ed.gov)

**\*Schools do not have to send a new FISAP signature page during the FISAP edit process.**

**\*\*The anti-lobbying, debarment, and drug-free workplace as well as the FISAP certification and signature pages have been combined to reduce burden for schools in the 2002-03 FISAP Application to Participate.**



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

Schools receive tentative allocations of funds by February 1 and final allocations of funds by April 1 for the upcoming award year beginning July 1.

In addition to data submitted electronically, schools must mail signed, original copies of the FISAP signature page\* and certification forms to ED. The certification forms, which are included in the FISAP package, cover anti-lobbying, debarment, and drug-free workplace requirements.\*\*

Completing the FISAP requires accurate, detailed accounting information. The process can be greatly simplified if a school designs its chart of accounts with the FISAP in mind. In addition, accurate, well-maintained student records are necessary to complete the FISAP properly.

The FISAP software provides instructions and has edits to help users complete the information. The following discussion provides an overview of each section of the FISAP, focusing on issues of particular interest to school fiscal officers.

### ***Part I: Identifying Information, Certifications, and Warning***

All institutions must complete Part I.

#### **Section A: Identifying Information**

Section A of Part I gathers information about a school ED uses to update its records. Section A requests the following information about the school:

- ◆ *Field 1a:* name and address of institution,
- ◆ *Field 1b:* mailing address (if different from official address),
- ◆ *Fields 2a and 2b:* ED identifiers,
- ◆ *Field 3:* type of institution,
- ◆ *Field 4:* length and type of longest program, *and*
- ◆ *Field 5:* additional locations.

#### **Section B: Certifications and Warning**

By signing Section B of Part I, the school certifies the information submitted on the FISAP is true and accurate to the best knowledge of school officials signing the certification. It also warns certifying officials that the institution's FISAP is subject to audit and program review by ED and providing false or misleading information on the FISAP may result in criminal penalties.

*Fields 6 - 8* collect signatures, titles, telephone numbers, fax numbers, and email addresses of a school's financial aid administrator (FAA) and chief executive officer (CEO). If a school uses a private financial aid consulting firm, and if

individuals from that firm have signed the FISAP as the school's CFO or FAA, the firm's name and address must also be provided.

Because Part I must contain original signatures, it must be returned to ED in paper form. Specific instructions for returning the signature page are given in the FISAP instructions.

## **Part II: Application to Participate**

Schools that wish to request Title IV campus-based funds for an upcoming award year must complete Part II of the FISAP. In addition to requesting funds for one or more campus-based program, schools use this part to report institutional information on student enrollment, tuition and fee assessments, and Federal Pell Grant and state aid expenditures, as well as eligible aid applicants. The amount of funds an institution receives is determined by formulas contained in federal law and regulations.

### Section A: Request for Funds

In Section A, a school lists the amount of funds it wants to receive for each campus-based program in which it participates. If the school enters \$0 for a program, it will not receive an allocation for that program, even if it is eligible to do so. Actual allocations are computed by ED and may differ from the amounts the school requests.

A school should not request more federal funds for a program than it expects to use. Unexpended funds from a previous award year indicate a school overestimated its needs. This may result in a reduced program allocation for the upcoming award year.

This section requires schools to enter two types of funding requests for the Federal Perkins Loan Program. In *Field 1*, schools report the **level of expenditure (LOE)**. LOE is the total amount a school expects to use to make loans to students and to pay administrative costs and collection costs in the upcoming award year. In *Field 2*, schools report the amount of federal funds (the federal share) they need to support their LOE requests. This is called the **Federal Capital Contribution (FCC)**.<sup>\*</sup> FCC is the amount of new federal funds to be contributed to a school's existing Federal Perkins Loan fund.

In *Field 3* of this section, schools request Federal Supplemental Educational Opportunity Grant (FSEOG) funds. A school's FSEOG request is the amount of federal funds (the federal share) needed to make awards to students and to pay program administrative costs in the upcoming award year.

In *Field 4* of this section, schools request Federal Work-Study (FWS) funds. A school's FWS request is the amount of federal funds (the federal share) needed to make awards to students to pay their earned compensation, cover allowable Job Location and Development (JLD) Program expenditures, and pay administrative costs.



#### **Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

<sup>\*</sup>The federal share is only a portion of the total funds expended from each campus-based program.

Total funds expended from each campus-based program must contain both a federal and nonfederal share. The nonfederal share is the **Institutional Capital Contribution (ICC)**. Part II, Section A, of the FISAP concerns the federal share only. However, schools must consider their nonfederal shares when determining expected campus-based expenditures and their need for federal funds.

### Section B: Federal Perkins Loan Program Liquidation Request

In *Field 5*, a school can indicate whether it wants to discontinue participation in the Federal Perkins Loan Program.

### Section C: Waiver Request for the Underuse of Funds\*

If a school returned more than 10 percent of its Federal Perkins Loan, FSEOG, or FWS allocation for the previous award year, it will receive an automatic reduction of the 2001-02 allocation for that program in the same amount of the 1999-2000 funds that were underused.

In *Field 6*, Section C, a school that returned more than 10 percent of its Federal Perkins Loan, FSEOG, or FWS allocation for the previous award year can apply for a waiver of the underuse penalty.

A school requesting a waiver of the underuse of funds penalty is required to provide a written explanation of the circumstances surrounding the return of these funds. An additional information screen is available in the FISAP software for this purpose. If a school needs to submit additional documentation to support its written explanation, it must be submitted with the signature page and certification forms.

Each waiver request will be considered by an ED review panel. The panel reviews the request, and the school will get a letter approving or disapproving the request. If it is approved, the waiver appears on the school's Final Funding Authorization.

### Section D: Information on Enrollment

Section D collects enrollment information ED uses to compute a school's campus-based program allocations. A school reports its enrollment information on the basis of whether it uses a traditional or nontraditional calendar.

A school that uses a traditional calendar\*\*:

- ◆ has academic terms that are quarters, semesters, or trimesters *and*
- ◆ has only one admission period during each academic term.

It includes any student enrolled in one or more undergraduate or graduate/professional classes, except students who exclusively were auditing classes. Traditional schools complete *Field 7* or *Field 8*, whichever applies.



#### Reference:

- 34 CFR Parts 673.4 (d)(3)



**\*The field for the Title III waiver application has been eliminated in the 2002-03 FISAP Application to Participate. Schools that want a waiver of the institutional-share requirement under the FWS and FSEOG Programs because of their Title III designation are no longer required to check a field on the FISAP in order to request this waiver. For further information on this issue refer to DPL CB-01-02.**

**\*\*Schools select "Yes" or "No" when asked if they have a traditional calendar.**

**\*The complete nontraditional calendar enrollment grid has been reinstated in the FISAP, as seen on the 2002-03 FISAP Application to Participate.**



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

**\*\*Assessed fee revenues are fees that are charged to all students.**



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

A school that uses a nontraditional calendar\*:

- ◆ admits a new group of students monthly or more frequently into a majority of its eligible programs, even if they attend classes on a quarter, semester, or trimester basis *or*
- ◆ has students enroll on a quarter, semester, or trimester basis, but admits a new group of students in a program monthly, bi-monthly, and so on.

Nontraditional schools complete *Fields 9 through 21*.

[Section E: Assessments and Expenditures](#)

The information reported in Section E is also used to compute a school's need for campus-based program funds.

In *Field 22* of this section, schools must disclose tuition and fee revenues\*\* assessed for all students reported as enrolled in Section F of Part II. Assessed tuition and fee revenues include:

- ◆ amounts charged to and collected from students,
- ◆ amounts charged but not collected, *and*
- ◆ remissions or waivers of costs.

If a school charges a total, inclusive fee for tuition and room and board, it may not count the room and board portion of the fee in assessed revenues. It must allot a reasonable amount of the total fee to tuition only.

If a school assesses and collects fees on behalf of a noninstitutional agency, it may not count these fees in assessed revenues. (For example, student medical-insurance premiums collected by a school and passed on to an insurance company are not considered school-assessed revenues.)

*Field 23* in Section E requires schools to report total Federal Pell Grant expenditures for the previous award year. This amount should agree with the final cumulative amount entered in GAPS.

Finally, *Field 24* in Section E collects information on state scholarships and state grant expenditures for undergraduates for the previous award year. These expenditures consist of:

- ◆ state grants,
- ◆ state scholarships,
- ◆ tuition equalization awards,
- ◆ competitive awards,

**Reference:**

- DCL CB-98-15
- DCL CB-00-13

- ◆ instructional grant awards, *and*
- ◆ Leveraging Educational Assistance Partnership (LEAP) Program grants (formerly State Student Incentive Grants [SSIGs]).

LEAP Program award amounts include the total of both federal and nonfederal shares, regardless of the source of the nonfederal share.

State awards include those from the state in which a school is located and those that students bring with them from other states. State awards should not be included if a school makes the final decisions about which students get the funds, unless such funds are used as a source of the nonfederal share for the LEAP Program.

Robert C. Byrd Honors Scholarships and Paul Douglas Teacher Scholarships are excluded from state awards; they must not be reported in Section E.

### Section F: Information on Eligible Aid Applicants

Section F covers *Fields 25 - 40*. In Section F, a school reports information for eligible aid applicants on the basis of a student's dependency status (dependent or independent), program classification (undergraduate or graduate), and total family income (the total of a student's and parents' or a student's and spouse's taxable and nontaxable income used to calculate the student's expected family contribution [EFC]). Information for students with an automatic zero EFC (no family contribution is expected) is also broken down. Backup documentation for Section F must be maintained at the institution.

Information is reported for all students who enrolled at the institution for the previous award year and applied for financial aid for that year. Any student who meets the definition of an "eligible aid applicant" must be included, even if the student received no financial aid funds.

An "eligible aid applicant" is a regular student who:

- ◆ was enrolled in an academic or training program eligible for the campus-based program during the previous award year;
- ◆ met citizenship or residency requirements for the previous award year;
- ◆ applied for financial aid for the previous award year, as documented by the "official" Expected Family Contribution (EFC) calculated by the Central Processing System (CPS); *and*
- ◆ has on file all the information needed to perform a need-analysis assessment based on required information in the HEA.

**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

**Reference:**

- HEA, Part F
- 34 CFR 600.2
- *Student Financial Aid Handbook, Volume 1: Student Eligibility*
- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

**\*A school will need its Federal Perkins Loan Program account ledgers to complete Part III of the FISAP.**



**Reference:**

- DCL CB-98-11 (LD)

**\*\*If a school is liquidating its Federal Perkins Loan fund or if it did not receive FCC for the award year of the report, page 14 of the Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet provides further information.**



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

**Part III: Federal Perkins Loan Program**

**Note:** The Federal Perkins Loan Program was formerly referred to as the NDSL Program (National Direct Student Loan Program) and the National Defense Student Loan Program. Some schools still report information on the FISAP about borrowers who received loans under one of these former program names. This discussion uses the name “Federal Perkins Loan Program” to refer to loans made under any of these program names.

Part III\* must be completed if:

- ◆ a school is a continuing participant in the Federal Perkins Loan Program;
- ◆ a school is liquidating its Federal Perkins Loan fund\*\*;
- ◆ a school did not receive a Federal Capital Contribution (FCC)\*\* for the previous award year but did make loans from its Federal Perkins Loan fund; *or*
- ◆ a school received Federal Perkins Loan funds for the first time in the previous award year.

If the school has set up its Federal Perkins Loan accounts as recommended in Chapter 5 of this book, the information needed to complete this part should be readily available. Although schools may use different account-numbering systems, the Federal Perkins Loan fund account should contain subsidiary accounts that correspond to appropriate line items in Part III.

If a school contracts with a third-party servicer to collect and manage Federal Perkins Loan funds, the school is still responsible for the accuracy of the information reported to it by that servicer. Any fiscal reports provided by a servicer should be checked against the school’s Federal Perkins Loan fund accounts and student records before being used to complete Part III of the FISAP.

Section A: Fiscal Report (Cumulative)

This section is a historical report of a school’s Federal Perkins Loan fund activity from the inception of the program at the school through June 30 of the most recently ended award year. This report is the balance sheet for the school’s Federal Perkins Loan fund, and *it must balance*. Institutions that close the amounts in each of the income and expense accounts to the fund balance each fiscal year will need to maintain a separate record of the *cumulative* income and expenses since the inception of the program at their schools to prepare this section.

The field numbers in the left margin of Part III, Section A, do not correspond to the Federal Perkins Loan ledger account numbers used in Chapter 5 of this book. Because the field numbers in this section of the FISAP often change from

one year to the next year, this discussion refers to items on the FISAP balance sheet and the account number and title of the corresponding school ledger account.

Several field items in this section ask for the number of borrowers. This is an unduplicated, cumulative count of borrowers in the category represented by the field item.

- ◆ For example, under the field item, “Loan Principal Collected,” the number of borrowers would be the unduplicated, cumulative count of the number of borrowers who made payments on their loans. In other words, if a borrower is making payments on two loans, that borrower is counted only once.

Additional information about the items in this section can be found in the current version of the FISAP instructions, which is sent to schools in July of every year.

Field 1.1: *Cash on Hand and in Depository as of 6/30/2001*: Account # 1-1, Cash, Federal Perkins Loans

Field 1.2: *Cash on Hand and in Depository as of 10/31/2001*: Account # 1-1, Cash, Federal Perkins Loans

Field 2: *Funds Receivable from Federal Government*

Field 3: *Funds Receivable from School*: Account # 6-2, Funds Transferred from Institution - Perkins - ICC

Field 4: *Funds Advanced to Students*: Account # 1-2, Funds Advanced to Students

Field 5: *Loan Principal Collected*: Account # 2-1, Loan Principal Collected

Field 6: *Loan Principal Assigned to and Accepted by the United States*: Account # 2-2, Defaulted Loan Principal - Assigned to Federal Government

Field 7: *Total Loan Principal Canceled on Loans Made Prior to 7/1/1972 for Teaching/Military Service*: The sum of accounts:

- ◆ # 2-3 Loan Principal Canceled - Teaching Service (10% Rate), Loans Made Prior to 7/1/72
- ◆ # 2-4 Loan Principal Canceled - Teaching Service (15% Rate), Loans Made Prior to 7/1/72
- ◆ # 2-5 Loan Principal Canceled - Military Service (12.5% Rate), Loans Made Prior to 7/1/72

Field 8: *Loan Principal Canceled for Certain Subject Matter Teaching Service (Math, Science, Foreign Languages, Bilingual Education)*: The sum of accounts:

- ◆ # 2-9 Loan Principal Canceled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (15% Rate), Loans Made 7/23/92 and After
- ◆ # 2-10 Loan Principal Canceled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (20% Rate), Loans Made 7/23/92 and After
- ◆ # 2-11 Loan Principal Canceled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (30% Rate), Loans Made 7/23/92 and After

Field 9: *Loan Principal Canceled for All Other Authorized Teaching Service:* The sum of accounts:

- ◆ # 2-6 Loan Principal Canceled - Teaching Service (15% Rate), Loans Made 7/1/72 and After
- ◆ # 2-7 Loan Principal Canceled - Teaching Service (20% Rate), Loans Made 7/1/72 and After
- ◆ # 2-8 Loan Principal Canceled - Teaching Service (30% Rate), Loans Made 7/1/72 and After
- ◆ # 2-18 Loan Principal Canceled - Head Start (15% Rate)

Field 10: *Loan Principal Canceled for Military Service on Loans Made 7/1/72 and After:* Account # 2-12, Loan Principal Canceled - Military Service (12.5% rate), Loans Made 7/1/72 and After

Field 11: *Loan Principal Canceled for Volunteer Service:* The sum of accounts:

- ◆ # 2-16 Loan Principal Canceled - Peace Corps or VISTA (15% Rate)
- ◆ # 2-17 Loan Principal Canceled - Peace Corps or VISTA (20% Rate)
- ◆ # 2-19 Loan Principal Canceled - Volunteer Service (15% Rate)
- ◆ # 2-20 Loan Principal Canceled - Volunteer Service (20% Rate)

Field 12: *Loan Principal Canceled for Law Enforcement and Corrections Officer Service:* The sum of accounts:

- ◆ # 2-21 Loan Principal Canceled - Law Enforcement and Corrections Officer Service (15% Rate)

- ◆ # 2-22 Loan Principal Canceled - Law Enforcement and Corrections Officer Service (20% Rate)

Field 13: *Loan Principal Canceled for Child/Family/Early Intervention Service*: The sum of accounts:

- ◆ # 2-26 Loan Principal Canceled - Child/Family and Early Intervention Service (15% Rate)
- ◆ # 2-27 Loan Principal Canceled - Child/Family and Early Intervention Service (20% Rate)
- ◆ # 2-28 Loan Principal Canceled - Child/Family and Early Intervention Service (30% Rate)

Field 14: *Loan Principal Canceled for Nurse/Medical Technician Service*: The sum of accounts:

- ◆ # 2-23 Loan Principal Canceled - Nurse/Medical Technician (15% Rate)
- ◆ # 2-24 Loan Principal Canceled - Nurse/Medical Technician (20% Rate)
- ◆ # 2-25 Loan Principal Canceled - Nurse/Medical Technician (30% Rate)

Field 15: *Loan Principal Canceled, Death/Disability*: The sum of accounts:

- ◆ # 2-13 Loan Principal Canceled - Death
- ◆ # 2-14 Loan Principal Canceled - Disability

Field 16: *Loan Principal Canceled for Bankruptcy*: Account # 2-15, Loan Principal Canceled - Bankruptcy

Field 17: *Loan Principal Canceled for Loans Discharged Due to Closed Schools*

Field 18: *Loan Principal Adjustments, Other*: Account # 2-29, Loan Principal Adjustments - Other

Field 19: *Federal Capital Contributions*: Account # 4-1, Federal Fund Balance

Field 20: *Repayments of Fund Capital to Federal Government*: Account # 6-7, Repayments to Federal Government

Field 21: *Institutional Capital Contributions*: Account # 4-2, Institutional Fund Balance

Field 22: *Repayments of Fund Capital to School:* Account # 6-8, Repayments to Institution

Field 23: *Interest Income on Loans:* Account # 6-3, Interest Earned on Loans

Field 24: *Other Income:* The sum of accounts:

- ◆ # 6-4 Other Earnings - Late Charges on Loans Made 7/1/87 and After
- ◆ # 6-5 Other Earnings - Miscellaneous

Field 25: *Reimbursements to the Fund of Amounts Canceled on Loans Made 7/1/72 and After:* Account # 6-6, Reimbursement of Amounts Canceled on Loans Made 7/1/72 and After

Field 26.1: *Administrative Cost Allowance:* Account # 7-2, Administrative Cost Allowance (ACA) Paid to Institution

Field 26.2: *Collection Costs:* Account # 7-3, Other Collection Expenses

Field 26.3: *Administrative Cost Allowance and Collection Costs (Control):* The sum of accounts # 7-2 and 7-3

Field 27: *Cost of Loan Principal and Interest Canceled for Teaching/Military Service on Loans Made Prior to 7/1/72:* The sum of accounts:

- ◆ # 7-4 Cost of Loan Principal and Interest Canceled - Teaching Service, Loans Made Prior to 7/1/72
- ◆ # 7-6 Cost of Loan Principal and Interest Canceled - Military Service, Loans Made Prior to 7/1/72

Field 28: *Cost of Principal and Interest Canceled for Certain Subject Matter Teaching Service (Math, Science, Foreign Languages, Bilingual Education).*

Field 29: *Cost of Principal and Interest Canceled for All Other Authorized Teaching Service.*

Field 30: *Cost of Loan Principal and Interest Canceled for Military Service on Loans Made 7/1/72 and After:* Account # 7-8, Cost of Loan Principal and Interest Canceled - Military Service, Loans Made 7/1/72 and After

Field 31: *Cost of Loan Principal and Interest Canceled for Volunteer Service in the Peace Corps or under the Domestic Volunteer Service Act of 1973:* The sum of accounts:

- ◆ # 7-12 Cost of Loan Principal and Interest Canceled - Peace Corps or VISTA
- ◆ # 7-14 Cost of Loan Principal and Interest Canceled - Volunteer Service



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

Field 32: *Cost of Loan Principal and Interest Canceled for Law Enforcement and Corrections Officer Service:* Account # 7-15, Cost of Loan Principal and Interest Canceled - Law Enforcement and Corrections Officer Service

Field 33: *Cost of Loan Principal and Interest Canceled for Child/Family and Early Intervention Service:* Account # 7-17, Cost of Loan Principal and Interest Canceled - Child/Family and Early Intervention Service`

Field 34: *Cost of Loan Principal and Interest Canceled for Nurse/Medical Technician Service:* Account # 7-16, Cost of Loan Principal and Interest Canceled - Nurse/Medical Technician

Field 35: *Cost of Principal and Interest Canceled Because of Death/Disability:* The sum of accounts:

- ◆ # 7-9 Cost of Loan Principal and Interest Canceled - Death
- ◆ # 7-10 Cost of Loan Principal and Interest Canceled - Disability

Field 36: *Cost of Principal and Interest Canceled Because of Bankruptcy:* Account # 7-11, Cost of Loan Principal and Interest Canceled - Bankruptcy

Field 37: *Cost of Loan Principal and Interest Assigned to and Accepted by the United States:* Account # 7-18, Cost of Defaulted Loan Principal and Interest Assigned to Federal Government

Field 38: *Cost of Loan Principal and Interest Canceled for Loans Discharged Due to Closed Schools*

Field 39: *Other Costs or Losses:* Account # 7-19, Other Costs or Losses

Field 40: *Total Debits and Credits:* Sum of Fields 1-39

Section B: Fund Activity (Annual)

In *Field 1* of this section, a school reports the final adjusted Federal Capital Contribution (FCC) authorization. It is reported as the:

Amount of the school’s original allocation for the previous award year

*plus* Any supplemental allocation amounts received for the year

*minus* Any allocation amounts released for the year\*

*equals* Final adjusted FCC authorization

In *Field 2*, FCC transferred to and spent in the Federal Supplemental Educational Opportunity Grant (FSEOG) Program and Federal Work-Study (FWS) Program must be reported. The sum of amounts transferred to and spent in both programs may not exceed 25 percent of a school’s total FCC allocation. Any FCC transferred to FSEOG or FWS must be entered in GAPS as an expenditure against the school’s Federal Perkins Loan authorization, *not* against its authorization for FSEOG or FWS.

\*The amount released applies to any amounts released to ED before September 30.

In *Field 3*, schools must report the amount of final adjusted authorized FCC for the previous award year that was not requested (drawn down) from GAPS by the end of the year. (Schools may not request FCC after June 30 of a given award year.) Authorized FCC amounts not requested will be deducted from funds available in a school's GAPS's grantee account.

In *Field 4*, the amount of Institutional Capital Contribution (ICC) deposited into a school's Federal Perkins Loan fund for the previous award year must be reported.

In *Field 5*, schools must report the amount of loans advanced to students, which is the net amount of loans made to borrowers from a school's Federal Perkins Loan fund during the previous award year. The amount of loans advanced should equal the total amount of loans paid to borrowers during the year *minus* any refunds or repayments of loans made during the year. Refunds or repayments of prior-year loans are not included.

If a school took its entire Federal Perkins Loan ACA or a portion of it from an FSEOG or FWS allocation from a prior award year, and the school recovered Federal Perkins Loan funds in the award year of the report that were issued to students in a prior award year, the school must reduce its Federal Perkins Loan ACA for that prior award year. The school may:

- ◆ follow FSEOG or FWS procedures for handling prior-year recoveries *or*
- ◆ make no adjustments to FSEOG or FWS prior-year recoveries, *and* reduce the base amount on which the ACA for the reporting year is calculated.

In *Field 6*, administrative cost allowance (ACA) must be reported. ACA is the amount withdrawn from a school's Federal Perkins Loan fund to cover the cost of administering one or more Title IV campus-based programs.

In *Field 7*, schools must report the total amount of principal and interest repaid by borrowers from all sources during the previous award year, as well as an unduplicated count of borrowers who made payments (in other words, a borrower with two loans is counted only once). The total dollar amount repaid includes:

- ◆ all amounts received as payments against borrowers' loans, regardless of the source of the payment,
- ◆ any portion of a payment kept by a collection agency, *and*
- ◆ penalty charges or late fees collected and deposited into the school's Federal Perkins Loan fund.



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

The total dollar amount repaid does *not* include:

- ◆ collection-firm charges due as collection costs that are over and above the amount of principal and interest collected *or*
- ◆ interest received from any investments.

### Section C: Cumulative Repayment Information

This section analyzes the repayment status of all of a school's past and present Federal Perkins Loan borrowers as of the end of the previous award year. It collects information on the number of borrowers in various repayment categories, the amount lent, and the outstanding principal amount of their loans. When counting borrowers, schools should count the number of actual borrowers, not the number of loans made. Some borrowers may have received more than one Federal Perkins Loan.

If a borrower has more than one loan and the loans fall into more than one repayment category, dollar figures for each loan should be reported in the field that describes the status of that loan. For example, a borrower might have one Perkins Loan paid in full and another Perkins Loan still in repayment. The amount of the first loan would be reported under "borrowers whose loans are fully retired," while the amount of the second loan would be reported under "borrowers on schedule in repayment." In any case, a borrower should be counted only once and reported in the "number of borrowers" column and the category where his or her principal amount outstanding is the greatest. In the example given here, that category would be "borrowers on schedule in repayment."

In *Field 1.1*, schools report borrowers whose loans are fully retired (borrowers whose loans have been completely repaid or canceled).

This category includes loans that were retired after the remaining outstanding principal was written off.

In *Field 1.2*, schools report loans that have been purchased.\* Of the loans included in *Field 1.1* as fully retired, schools report the outstanding principal balance, all interest due, and any collection fees due on all loans submitted for assignment that were not accepted and for which the school reimbursed the Perkins Loan fund. This entry is used for liquidation purposes.

In *Field 2*, schools report borrowers whose notes were assigned and officially accepted by ED as of the end of the previous award year. Total principal amount outstanding for these loans is the amount outstanding when the loans were assigned to and accepted by ED. The amount may not include any

\*If a school is liquidating its Federal Perkins Loan portfolio, ED will not consider the school to have fully liquidated it unless all loans with a principal amount outstanding are purchased by the school or assigned to ED.

\*These after-assignment payments are sent to:

National Payment Center  
Perkins Loan (NDSL)  
P.O. Box 4169  
Greenville, TX 75403-4169



Reference:

- 34 CFR 674.2(b)



Reference:

- *Student Financial Aid Handbook, Volume 4: Campus-Based Common Provisions*
- 34 CFR 674.37

penalty charges or late fees assigned to ED for collection *or* any payments a school might have received from borrowers after ED accepted their loans. Payments received by a school after a loan is assigned (to ED) must be sent directly to ED.\*

In *Field 3*, schools report all borrowers not in repayment (borrowers attending an eligible postsecondary school at least half time and those borrowers whose loans are in a grace period or in deferment). This includes borrowers attending the school that made the loans, borrowers attending other schools under an authorized in-school deferment, and borrowers whose loans are in an initial or post-deferment grace period.

- ◆ For all NDSLs made on or after October 1, 1980 and before July 1, 1993, a borrower is also entitled to a six-month post-deferment grace period after each of the deferments that apply to those loans, except after a hardship deferment. Neither the deferment nor the post-deferment grace period is counted as part of the ten-year repayment period.

In *Field 4*, schools report borrowers making loan payments on schedule as well as the total principal amount outstanding on these loans.

In *Field 5.1*, schools report borrowers in default less than 240 days (for payments due in monthly installments) or 270 days (for payments due in other installments).

In *Field 5.2*, schools report borrowers in default 240 days or more (for payments due in monthly installments) *or* 270 days or more (for payments due in other installments) up to two years.

In *Field 5.3*, schools report borrowers in default more than two years and up to five years.

In *Field 5.4*, schools report borrowers in default more than five years.

*Cohort Default Rate*

Several terms must be defined for a school to accurately calculate its Federal Perkins Loan cohort default rate.

A borrower *enters repayment* the day after an initial grace period ends or the day the borrower waives the initial grace period. The start date of the repayment period does not change if a deferment or cancellation is granted after the borrower enters repayment.

A loan is *in default* if a borrower fails to make a scheduled installment payment on time or fails to comply with other terms of the signed promissory note. For the purpose of calculating a cohort default rate, default is in effect when payment is not made for 240 days for loans repaid in monthly installments and 270 days for other loans. A loan is still considered to be in default if, in order to avoid the default, a borrower's payment is made by an institution, its owner, an agency, a



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

**\*The FISAP asks schools to indicate “Yes” or “No” when asked if they have had fewer than 30 borrowers who entered repayment.**



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

**\*\*The amount released applies to any amount released to ED before September 30.**

contractor, an employee, or any other entity or individual affiliated with the institution.

A loan is *not in default* if a borrower has:

- ◆ made six consecutive voluntary monthly payments,
- ◆ brought the loan current,
- ◆ paid the loan in full,
- ◆ received a retroactive deferment or forbearance, *or*
- ◆ had the loan rehabilitated or canceled.

**Section D: Institutions with 30 or More Borrowers Who Entered Repayment in the 1999-2000 Award Year for the Cohort Default Rate**

*Fields 1.1 - 1.3* in Section D should only be completed by schools that have 30 or more borrowers\* who entered repayment in the 1999-2000 award year.

**Section E: Institutions with Less Than 30 Borrowers Who Entered Repayment in the 1999-2000 Award Year for the Cohort Default Rate**

*Fields 2.1 - 2.5* in Section E should only be completed by schools that have fewer than 30 borrowers\* who entered repayment in the 1999-2000 award year.

***Part IV: Federal Supplemental Educational Opportunity Grant (FSEOG) Program***

A school must complete Part IV if it received Federal Supplemental Educational Opportunity Grant (FSEOG) Program funds for the previous award year. This part summarizes the school’s use of FSEOG funds during that year.

**Section A: Federal Funds Authorized for FSEOG**

A school reports its FSEOG authorization and any changes in *Field 1* of Section A.

Amount of school’s original allocation for the previous award year  
*plus* Any supplemental allocation amounts received for the year  
*minus* Any allocation amounts released for the year\*\*  


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*equals* Final adjusted FSEOG authorization

Section B: Federal Funds Available for FSEOG Expenditures

Section B is used to calculate federal funds available for a school's FSEOG expenditures in the previous award year.

	Final adjusted FSEOG authorization
<i>plus</i>	Federal Work-Study (FWS) funds transferred to and spent in FSEOG*
<i>plus</i>	Federal Perkins Loan Federal Capital Contribution (FCC) funds transferred to and spent in FSEOG*
<i>plus</i>	FSEOG funds carried back
<i>plus</i>	Additional FSEOG funds carried back and spent for summer enrollment through June 30 of the reporting year
<i>minus</i>	FSEOG funds carried forward
<i>equals</i>	Federal funds available for FSEOG expenditure

\*FWS or Perkins funds transferred to FSEOG are reported in GAPS in the program for which they were authorized. Also, if a school transfers its Perkins funds before depositing them in its Federal Perkins Loan fund, the school does not have to match these transferred funds with its own institutional funds.



**Reference:**

- Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet

\*\*Fields 4-9 indicate the carry-forward and carry-back provision for FSEOG funds.

In *Field 2*, a school must enter the amount of FWS funds transferred to FSEOG. This amount must have been spent in FSEOG. Any unspent amount must be returned to FWS. The maximum amount that may be transferred from FWS to FSEOG is 25 percent of the school's original and supplemental FWS allocations for the award year being reported. *The amount in this field must be the same as the entry in Field 3 of Part V.*

A school must also report in *Field 3* the amount of Federal Perkins Loan FCC transferred to FSEOG. This amount must have been spent in FSEOG. Any unspent amount must be returned to the Federal Perkins Loan fund. The maximum amount that may be transferred from Federal Perkins Loan FCC to FSEOG is 25 percent of the school's original and supplemental FCC allocations for the award year being reported.

*Fields 4 - 9\*\** require schools to report the amount of FSEOG funds carried forward and carried back between award years. A school may carry up to 10 percent of its FSEOG funds forward to be spent in the next award year. Similarly, if a school needs additional FSEOG funds during the current award year, it may carry back up to 10 percent of its next award year's FSEOG allocation. Additional FSEOG funds may be carried back and spent as payments to students for summer enrollment between May 1 and June 30 of the previous award year. In Section B of Part V, a school must report any such activity that affected expenditures during the award year for which it is filing the FISAP report.

*Field 10* requires schools to report the sum of the *Fields 1 - 9* of Sections A and B.

Section C: Funds to FSEOG Recipients

*Fields 11* and *12* in Section C ask for the total amount of FSEOG funds paid to recipients. This amount must consist of the required 75 percent federal and

25 percent nonfederal shares. The nonfederal share reported in this section may not exceed the required 25 percent.

#### Section D: Federal Funds Spent for FSEOG Program

*Fields 13 - 15* in Section D show how a school spent the federal portion of its FSEOG funds. The total amount of the federal portion of FSEOG funds spent is equal to the federal share of FSEOG funds paid to students *plus* the administrative cost allowance (ACA) claimed from federal FSEOG funds.

The 75 percent federal share of FSEOG funds paid to students includes any FWS funds or Federal Perkins Loan FCC transferred to FSEOG and used to make awards to students.

The ACA reported in this section is the amount taken from a school's FSEOG allocation to cover the cost of administering one or more Title IV campus-based programs.

#### Section E: Use of FSEOG Authorization

Section E shows how much of a school's total federal FSEOG allocation was used and enables the school to calculate the amount of the unexpended federal portion of FSEOG funds.

In *Field 16*, schools report the expended FSEOG authorization. This amount must agree with the school's final FSEOG expenditures reported in GAPS.

FSEOG funds spent ( <i>Fields 7, 8, 9, and 15</i> )	
<i>minus</i> Amount of FWS funds transferred to and spent in FSEOG ( <i>Field 2</i> )	
<i>minus</i> Amount of Federal Perkins Loan FCC transferred to and spent in FSEOG ( <i>Field 3</i> )	
<i>minus</i> Funds carried back and spent ( <i>Field 4</i> )	
<i>minus</i> Additional funds carried back and spent for summer enrollment ( <i>Field 5</i> )	
<i>minus</i> Additional funds carried forward and spent for FSEOG ( <i>Field 6</i> )	
<i>equals</i> Expended FSEOG authorization	

In *Field 17*, schools report on any unexpended FSEOG authorization. A school's unexpended FSEOG authorization is equal to its final adjusted FSEOG authorization amount (*Field 1*) *minus* its total expended FSEOG authorization (*Field 16*). If this amount is a positive dollar figure, the amount of unexpended FSEOG funds will be deducted from the school's GAPS grantee account. If this amount is a negative dollar figure, it is *not* reported on the FISAP; this is an excess FSEOG expenditure for the school and must be charged to institutional funds.



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*



### Prior-Year Recoveries

Prior-year recoveries are the federal share of any money students returned to the school for an award year that has been closed out in the campus-based system (awards have been reduced to FISAP expenditure levels). Schools no longer have to report to ED on prior-year recovery of campus-based funds. The prior-year recovery fields have been removed from the FISAP.

Any funds recovered on prior-year awards should be returned to ED using existing GAPS refund procedures. Refunds should be applied to the award corresponding to the funding year the recovered funds were awarded.

Prior-year recoveries generally occur as a result of an incorrect analysis of a student's financial need, an error in disbursing funds, or performing a refund/repayment calculation. Any payments resulting from audit or program review liabilities should not be reported as prior-year recoveries; ED handles reporting in these situations. Moreover, FSEOG authorizations for the award year of the report, FSEOG funds spent from the same authorization, or unexpended FSEOG funds from the same authorization should not be reported as prior-year recoveries.

### ***Part V: Federal Work-Study (FWS) Program***

A school must complete Part V of the FISAP if it received Federal Work-Study (FWS) Program funds for the previous award year. This part summarizes the school's use of FWS funds during that year.

#### Section A: Federal Funds Authorized for FWS

The final adjusted FWS authorization reported in *Field 1* of Section A should equal the amount authorized in a school's original allocation for the previous award year, *plus* any supplemental allocation amounts for the year, *minus* any allocation amounts released\* for the year.

#### Section B: Federal Funds Available for FWS Expenditures

Section B is used to calculate the amount of federal funds available for a school's FWS expenditures in the previous award year. The total amount of federal funds available is calculated on the basis of the school's final adjusted FWS authorization, the amount of funds transferred between certain campus-based programs, and the amount of FWS funds carried forward and carried back between award years.

In *Field 2*, a school must report the amount of Federal Perkins Loan Federal Capital Contribution (FCC) transferred to FWS. This amount must have been spent in FWS *or* any unspent amount must have been returned to the Federal Perkins Loan fund. The maximum amount that may be transferred from Federal Perkins Loan FCC to FWS is 25 percent of the school's original and supplemental FCC allocations for the previous award year.

\*The amount released applies to any funds released to ED before September 30.

**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

In *Field 3*, a school must enter the amount of FWS funds transferred to FSEOG. This amount must have been spent in FSEOG *or* any unspent amount must have been returned to FWS. The maximum amount that may be transferred from FWS to FSEOG is 25 percent of the school's original and supplemental FWS allocations for the previous award year.

In *Fields 4 - 9*, schools report the amount of FWS funds carried forward and carried back between award years. A school may carry up to 10 percent of its FWS funds forward to be spent in the next award year. Similarly, if a school needs additional FWS funds during an award year, it may carry back up to 10 percent of its next award year's FWS allocation. Additional FWS funds may be carried back and spent as payments to students for wages earned during summer employment between May 1 and June 30 of the previous award year. A school must report any such activity that affected expenditures during the award year for which it is filing the FISAP report.

In *Field 10*, schools report the total funds available from the previous award year. *Field 10* is the sum of *Fields 1 - 9*.

### Section C: Total Compensation for FWS

In *Fields 11a - 11c* and *Field 12* of Section C, a school reports the total amount of earned FWS compensation paid to students during the previous award year. This is the gross amount of wages paid, and it includes taxes and other withholdings. The amount must, at a minimum, consist of 25 percent nonfederal institutional funds, which is also reported in Section C. The nonfederal share includes amounts contributed by the school, as well as amounts contributed by any off-campus employer. If the off-campus employer is a private, for-profit organization, the nonfederal share must consist of at least 50 percent of the earned wages. If the nonfederal share of student compensation was paid in kind (for example, as a tuition waiver or room and board), the in-kind compensation value\* must be converted to a cash amount for this reporting.

### Section D: Funds Spent from Federal Share of FWS

In *Field 13*, a school reports the federal share of earned compensation paid to all students. This includes the federal share of earned compensation paid to FWS reading tutors for children, mathematics tutors, and tutors in family literacy programs, even though the federal share exceeds the 75 percent rate.

The total federal share of FWS earned compensation is the maximum 75 percent federal share of FWS funds paid to students. The maximum 75 percent federal share applies to on-campus employment and to off-campus employment at public or private, nonprofit agencies.

The federal share amount may be 100 percent if a school has an approved waiver of its institutional share as an eligible Title III institution; it may be as high as 100 percent for FWS students who worked in a family literacy program or as reading tutors or mathematics tutors.

**Reference:**

- See Section 3.2 of this book for further details about the federal share of FWS.

**\*Schools have to use the value in cash consistently for all students receiving this type of compensation.**



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

Wages paid for for-profit, off-campus employment may contain a maximum 50 percent federal share; an institutional share waiver may not apply to these wages.

The ACA reported in *Field 14* of Section D is the amount a school takes from its FWS allocation to cover the cost of administering one or more Title IV campus-based programs.

In *Field 15*, schools report the federal share of Job Location and Development (JLD) Program expenditures, which must be whichever is less: \$50,000 *or* 10 percent of a school's original and supplemental FWS allocations.

In *Field 16*, schools report the total federal funds spent for FWS. *Field 16* is the sum of *Fields 13 - 15*.

### Section E: Use of FWS Authorization

Section E shows how much of a school's total federal FWS allocation was used and enables the school to calculate the amount of unexpended federal FWS funds.

In *Field 17*, schools report expended federal FWS authorization. A school's expended federal FWS authorization must agree with the final FWS expenditure amount reported in GAPS. This amount may not exceed a school's final adjusted FWS authorization, as reported in Section A of Part V.

In *Field 18*, schools report unexpended FWS authorization. A school's unexpended FWS authorization is equal to its final adjusted FWS authorization amount (*Field 1*) *minus* its total expended FWS authorization (*Field 17*). If this amount is a positive dollar figure, the amount of unexpended FWS funds will be deducted from the school's GAPS grantee account. If this amount is a negative dollar figure, it is *not* reported on the FISAP. The negative dollar figure represents an excess FWS expenditure by the school and must be charged to the institutional share of earned compensation.

### Section F: Information About the Job Location and Development (JLD) Program

Schools that participate in the Job Location and Development (JLD) Program must use *Fields 19 - 22* of Section F to report JLD expenditures. If a school used any federal funds to operate a JLD Program, its institutional expenditures for JLD must be at least 20 percent of its total JLD expenditures.

Schools must also use this section to report the number of students for whom jobs were located or developed through the JLD Program.

\*Section H has been adjusted to collect combined information on FWS reading tutors for children and tutors in family literacy programs. For further information, refer to DPL CB-01-02.



**Reference:**

- *Fiscal Operations Report and Application to Participate (FISAP) Instructions Booklet*

### Section G: Information About FWS Community-Service Activities

*Fields 23 - 25* of Section G are used to determine if a school has met the minimum 7 percent community-service expenditure requirement.

### Section H: Information About FWS Reading Tutors of Children and Tutors in Family Literacy Programs

*Fields 26 - 28* of Section H are used to report the following information for reading tutors for children and tutors in family literacy programs\*:

- ◆ the number of students employed,
- ◆ federal share of earned compensation, *and*
- ◆ total earned compensation.

The information reported in this section can also be part of the information reported in Section G if the reading tutoring for children services were open and accessible to the community.

### Section I: Information about FWS Mathematics Tutors of Children

In *Fields 29 - 31* of Section I, schools must report:

- ◆ the number of students employed as FWS mathematics tutors for children,
- ◆ the federal share of earned compensation for those tutors, *and*
- ◆ the total earned compensation for those tutors (federal share *plus* nonfederal share).

## **Part VI: Program Summary**

Part VI contains two sections. Section A is used to identify a school's campus-based aid recipients by type of student and by income. Section B is used to calculate a school's administrative cost allowance (ACA).

### Section A: Distribution of Program Recipients and Expenditures by Type of Student

If a school participated in one or more Title IV campus-based programs during the previous award year that ended June 30, it must complete Section A. The school will need data from Parts III, IV, and V of the FISAP, as well as from its own institutional records, to complete this section.

In *Fields 1 - 15* of Section A, a school reports the distribution of its campus-based aid recipients by type of student (undergraduate dependent, undergraduate

independent, and graduate/professional). Within each “type,” recipients are further broken down and reported on the basis of income level.

In this section, income is determined in the same manner as in Part II, Section F. This is the total of a student’s and parents’ or student’s and spouse’s taxable and nontaxable income used to calculate the student’s Expected Family Contribution (EFC).

Students reported in Section A are both full-time and part-time students.

If a student falls into more than one category (undergraduate, graduate, dependent, independent), the student should be reported in the category in which the student was enrolled during the final term of the previous academic year or during the final month of the training program for institutions with a nontraditional calendar.

The unduplicated recipients column, Column G, is an unduplicated count of students in each income category.

In *Field 16*, the amount of funds reported is the total amount awarded and spent under each campus-based program and consists of both the federal and nonfederal shares.

In *Field 17*, schools must report the total number of less-than-full-time students.

In *Field 18*, schools must report the total number of automatic zero EFC students.

### Section B: Calculating the Administrative Cost Allowance (ACA)

If a school claims an ACA for the previous award year, it must complete this section. In *Fields 1 - 23*, the school calculates its ACA and reports the amount of ACA claimed by the school. The ACA worksheet is provided for calculation purposes only; it should be retained in the school’s files for audit and program review purposes and should not be returned to ED.

The amount of ACA a school may claim is calculated on the basis of the school’s total campus-based program expenditures, as reported in Parts III, IV, and V of the FISAP. Schools may claim varying percentages of their expenditures as ACA, according to the total amount of their program expenditures.

ACA may be charged against:

- ◆ cash on hand in a school’s Federal Perkins Loan fund, if the school made Federal Perkins Loans to students during the award year;
- ◆ a school’s FSEOG allocation, if the school disbursed FSEOG awards to students during the award year; *and/or*

- ◆ a school's FWS allocation, if the school paid FWS wages to students during the award year.

The total of all ACA for all programs may be charged to one campus-based program or any combination of the programs the school chooses. However, for the Federal Perkins Loan Program or FWS Program, a school may not charge ACA against program funds if the school's only expenditure from that program was to transfer funds to another campus-based program.

## 6.6 Adjusting Expenditures Reported to GAPS

Schools may make adjustments to reported expenditures on open or **closed awards** in GAPS. Such adjustments may occur as a result of a school:

- ◆ returning Title IV funds to a program account when a student has withdrawn from school;
- ◆ recovering funds directly from students (an overpayment to an eligible student or a payment to an ineligible student); *and*
- ◆ making a disbursement to a student who was underpaid in a previous payment period.

Adjustments resulting from audit or program review liabilities will be discussed later.

### *Open Awards (Current-Year and Prior-Year Adjustments)*

If an award is open and is listed in GAPS, a school may make upward or downward adjustments by reporting the correct cumulative disbursements in GAPS for the reporting period in which the adjustment is made. If the adjustment is a recovery, the school repays funds (makes a downward adjustment) from its current year program account(s). If the adjustment is an expenditure, the school draws additional funds (makes an upward adjustment) from its current year program account(s).

An ED grant or program office may also initiate an adjustment to a school's reported disbursements on **open awards**. If a grant or program office reduces a school's award authorization amount to an amount less than the school's reported disbursement amount, the disbursement amount will be reduced to the revised authorization amount. The reduction will appear as a prior-period adjustment on the school's GAPS account.

For the Federal Pell Grant Program, adjustments made by September 30 of the calendar year in which the award year ends are considered to be current-year adjustments.\* Such adjustments will affect the school's Federal Pell Grant authorization, reported on its Electronic Statement of Account (ESOA).



#### Reference:

- GAPS Payee Guide – August 2000

\*DPL P-00-02 covers the Pell Grant adjustment procedures for the 1999-2000 award year after an October 2, 2000 submission deadline.

This adjusted authorization will, in turn, be reflected on the school's GAPS account.

### **Closed Awards (Canceled-Year Adjustments)**

If an award is closed (no longer listed in GAPS), and a school needs to *increase* the amount of reported disbursements, the school must contact the grant or program office that issued the award and request an increase to the reported disbursement. If the grant or program office approves the increase, the award will be reinstated and the net amount of the increased disbursement amount will be posted to the school's GAPS account. This action will appear as a prior-period adjustment and will reduce the school's cash-on-hand (COH) amount, if applicable.

If an award is closed and a school needs to *reduce* the amount of reported disbursements, the school must contact the grant or program office that issued the award and request a decrease to the reported disbursement. If the grant or program office approves the reduction, the net amount of the reduction will be posted to the school's GAPS account. This action will appear as a prior-period adjustment and will increase the school's COH amount, if applicable.

For the Federal Pell Grant Program, decrease adjustments are both canceled and closed for any award year that is more than five years old.

Once a debt to the Federal Pell Grant Program is established by a program review or audit, a school may not adjust its Federal Pell Grant expenditures in GAPS. ED deals directly with adjustments that must be made on the basis of a program review, audit, or court order.

Adjustments made as a result of overpayments to students must be reported directly to RFMS.

There may be isolated examples when the program office or an audit requires a school to make adjustments on closed awards from ED's previous payment system, the Payment Management System (known as ED/PMS). These adjustments occur when GAPS decreased the award, but the school has unreported expenditures. The school would make the adjustment through the applicable ED program office.

## **6.7 Audits and Program Reviews**

Case management teams in ED's Case Management and Oversight division oversee schools within their assigned areas, monitoring institutional Title IV compliance. Two of the tools available to the case teams are audits and program reviews, which help ensure schools participating in Title IV programs follow correct procedures to award, disburse, and account for federal funds. These methods are also used to monitor schools' compliance with applicable laws and regulations, identify procedural problems, and recommend solutions.



**Reference:**

- DCL P-98-3



**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*
- 34 CFR 668 Subparts G and H

### Federal Audits

A federal audit is initiated by ED and conducted by ED's Office of Inspector General (OIG). A federal audit does not satisfy the requirement that a school must have an annual nonfederal audit.

### Nonfederal Audits

Regulations require most schools participating in any federal student financial aid program must have an independent auditor conduct annually both a **compliance audit** and a financial audit. (Proprietary schools that receive less than \$200,000 in Title IV funds and provide ED with a letter of credit equal to at least 10 percent of the school's Title IV funds disbursed during the previous year, as determined by ED, may be allowed to be audited every three years instead of annually.) Third-party servicers also must have compliance audits. In addition, third-party servicers must have financial audits if they enter into a contract with a lender or guaranty agency to administer any aspect of the lender's or agency's programs.



#### Reference:

- 34 CFR 668.23(a)(2)(c)(1)(2)(d)(1)-(5)



#### Reference:

- 34 CFR 668.23(a)(1)
- 34 CFR 668.23(b)(2)



#### Reference:

- 34 CFR 668.23(d)(1)



#### Reference:

- Information on GAGAS is at: [www.gao.gov/govaud](http://www.gao.gov/govaud)

- ◆ An *independent auditor* is a certified public accountant or a government auditor who must meet the Government Auditing Standards qualifications and independence standards, including standards relating to organizational independence.
- ◆ A *compliance audit* assesses how well a school follows federal requirements for administering federal student aid programs and must be conducted according to regulations and government auditing standards.
- ◆ A *financial audit* assesses a school's financial statements. The financial statements must be prepared on an accrual basis according to generally accepted accounting principles (GAAP) and audited by an independent auditor according to generally accepted government auditing standards (GAGAS) and other applicable guidance contained in ED regulations and/or **Office of Management and Budget (OMB)** regulations.

Audits of for-profit institutions and foreign institutions are to be conducted in accordance with the SFA **Audit Guide**. Audits of governmental and nonprofit institutions are to be conducted in accordance with OMB Circular A-133 using the OMB Compliance Supplement (**A-133 Audit**).

### Audit Deadlines

The compliance audit and audited financial statement must be submitted together as a single-audit reporting package. The deadline for a school or third-party servicer to submit its audit reporting package is no later than six months after the last day of the school's fiscal year, except as provided by the **Single Audit Act**

Public and nonprofit schools subject to the Single Audit Act (Public Law 104-106) are governed by the deadlines specified in OMB Circular A-133. Audit

\*A school that disburses less than \$200,000 in Title IV funds each award year may be eligible for a waiver of the annual audit submission requirements. Refer to DPL GEN-00-08.



**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*
- *Audit Guide, Jan. 2000*
- DPL GEN-00-05

\*\*The Audit Guide, January 2000 is available on the Internet at: <http://www.ed.gov/office/s/OIG/nonfed/sfa.htm>



**Reference:**

- 34 CFR 668.23(a)(1)



**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*

reports under the Single Audit Act are due no later than nine months from the end of the fiscal year.

Failure to submit the audit reporting package by the deadline and in the manner specified may result in ED limiting, suspending, or terminating a school's participation in Title IV programs.\*

Method and Type of Audit

The method and the type of audit depends on who controls the school:

- ◆ *For-profit institutions* must have both a financial audit and a compliance audit. The compliance audit is to be conducted according to ED's *Audit Guide of Federal Student Financial Assistance Programs at Participating Institutions* (referred to as the *SFA Audit Guide* or simply the *Audit Guide*).\*\* These institutions must also have a basic GAAP financial statement audit. The financial statement must be prepared in accordance with GAAP and must be performed according to generally accepted auditing standards and government auditing standards (GAGAS).
- ◆ *Public and nonprofit institutions* are audited under the Single Audit Act. The Single Audit Act requirements were implemented through OMB Circular A-133, "Audits of States, Local Governments, and Other Nonprofit Organizations." Entities subject to OMB Circular A-133 that expend less than \$300,000 in federal awards are exempt from audit requirements contained in the SFA Audit Guide, but must still provide some form of financial statement.

An audit must be performed by an independent auditor following generally accepted auditing standards and the standards set forth in the *Government Auditing Standards* promulgated by the U.S. Government Accounting Office (GAO). The auditor or auditing firm used for a compliance audit may be the same one used to audit a school's other fiscal activities. The auditor or firm must, however, be independent of any auditor or firm authorizing a school's expenditure of Title IV program funds. An audit conducted by a state auditor who meets the criteria for independence satisfies the nonfederal compliance-audit requirement.

A school must make all program, fiscal, and student records available to an auditor. Both the school's financial aid administrator and fiscal officer should be aware of the dates the auditor will be at the school. Representatives from the business office and financial aid office should be on hand during this period to provide documents and answer questions.

At the end of the on-site review, the auditor holds an exit interview. During the exit interview, the auditor may suggest improvements in procedures, as well as give the school or servicer a chance to discuss the draft report and review any discrepancies cited in the report. The exit interview is a good time to resolve any disagreements or present any corrective action plan before the final audit report is prepared.

The final audit report is prepared by the auditor and submitted to the school.

Schools send A-133 audits, whether for nonprofit schools or for public schools under the Single Audit Act, to:

*By regular mail:* Federal Audit Clearinghouse  
Bureau of the Census  
P. O. Box 5000  
Jeffersonville, IN 47199-5000

*By overnight mail:* Federal Audit Clearinghouse  
Bureau of the Census  
1201 East 10th Street  
Jeffersonville, IN 47132-5000



**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*

Schools send audits conducted using ED's *Audit Guide* to:

*By regular mail:* U.S. Department of Education  
Case Management and Oversight  
Data Management and Analysis Division  
Document Receipt and Control Center  
P. O. Box 44805  
L'Enfant Plaza Station  
Washington, DC 20026-4805

*By overnight mail:* U.S. Department of Education  
Office of Student Financial Assistance Programs  
Data Management and Analysis Division  
Document Receipt and Control Center  
7th and D Streets, SW  
GSA Building, Room 5643  
Washington, DC 20407

[Corrective Action Plans \(CAPs\)](#)

In an SFA Audit Guide audit, if there are audit findings, a school must prepare a **corrective action plan (CAP)** that addresses the findings in the audit report. Schools must submit the CAP with their audit reports to the same just-listed addresses. In addition, the school must comment on the status of corrective action taken on prior findings.

It is ED's responsibility, not the auditor's or audit firm's, to determine what action will be taken as a result of an audit report.

ED officials review the audit report and the school's CAP to determine what action, if any, is necessary. ED may:

- ◆ agree with the auditor's findings,
- ◆ modify the auditor's recommendations, *or*
- ◆ request additional information from the school.

A school is required to cooperate fully during ED's examination of its audit report. The school must give ED and/or OIG access to any records or other documents needed to review the audit report. In addition, the school's contract with its auditor must specify the auditor will also give ED and/or OIG access to records and documents related to the audit, including work papers. Access includes the right to:

- ◆ copy records (including computer records),
- ◆ examine computer programs and data, *and*
- ◆ interview employees without the presence of school officials and without the school's use of a tape recorder.

ED notifies the school, in writing, of its final determinations. As a result of ED's examination of a school's audit, the school may be required to:

- ◆ revise its administrative procedures;
- ◆ provide or reconstruct documentation to establish that expenditures were properly awarded and disbursed;
- ◆ implement corrective actions to prevent further improper expenditures of federal funds;
- ◆ repay improperly expended federal funds; *or*
- ◆ pay fines or interest or both.

If ED determines Title IV program funds were expended improperly, the school must repay the funds within 45 days, unless the school has formally appealed the decision.

In addition, if ED determines Title IV program funds were expended improperly, ED may:

- ◆ take emergency action to withhold the school's Title IV funds;
- ◆ fine the school up to \$25,000 for each statutory or regulatory violation; *or*
- ◆ limit, suspend, or terminate the school's eligibility to participate in Title IV programs.



**Reference:**

- 34 CFR 668.75(c)(1)(2)
- 34 CFR 668, Subparts F and G

**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*
- 34 CFR 668.23(c)(1)-(4)

Such actions may be taken by ED if:

- ◆ the school is unable or unwilling to provide access to its records;
- ◆ there is sufficient evidence federal funds were intentionally misused or fraudulently expended;
- ◆ ED has evidence indicating the school is incapable of administering Title IV programs; *or*
- ◆ the school is unable or unwilling to repay improperly expended federal funds.

### Audits for Foreign Schools

Foreign schools must also submit annual compliance and financial audits. Because financial responsibility requirements vary for foreign schools based on the amount of federal student financial aid funds a school receives, the requirements for preparing the financial statement also vary. Foreign schools must follow the SFA Audit Guide in obtaining financial statements and compliance audits.

- ◆ A school that received less than \$500,000 (in U.S. dollars) in Title IV funds during its most recently completed fiscal year must have its financial audit prepared according to the standards of the school's home country.
- ◆ A school that received \$500,000 (in U.S. dollars) or more in Title IV funds during its most recently completed fiscal year may have its financial audit translated and presented for analysis under GAAP and GAGAS.

### Audits for Third-Party Servicers

A third-party servicer must submit an annual compliance audit. If a third-party servicer contracts with several schools, a single compliance audit can be performed that covers all its administrative services for each school.

A third-party servicer must submit its compliance audit within six months after the last day of the third-party servicer's fiscal year. ED may require a servicer to provide a copy of its compliance audit report to guaranty agencies, lenders, state agencies, the U.S. Department of Veterans Affairs, and/or accrediting agencies.

A third-party servicer is not required to submit a separate annual compliance audit if:

- ◆ it contracts with only one school *and*
- ◆ the school's audit covers every aspect of the servicer's administration of that school's programs.

**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*

A school may never use a third-party servicer's audit in place of its own required audit. The school is ultimately liable for its own violations as well as any incurred by its third-party servicers.

In addition to submitting a compliance audit, a third-party servicer must, on an annual basis, submit an audited financial statement when it enters into a contract with a lender or guaranty agency to administer any aspect of the lender's or guaranty agency's programs. This financial statement must be prepared on an accrual basis according to GAAP, audited by an independent auditor according to GAGAS, and follow any other guidance contained in audit guides issued by ED.

### Program Reviews

In addition to reviewing schools' compliance-audit reports, ED may conduct its own program reviews. One purpose of a program review is similar to that of a compliance audit—to evaluate a school's management of Title IV programs and to ensure compliance with laws and regulations.

For program reviews, ED must:

- ◆ establish uniform guidelines,
- ◆ make guidelines and procedures available,
- ◆ permit institutions to cure errors if there is no evidence of fraud or misconduct,
- ◆ base penalties on the gravity of the violation, *and*
- ◆ inform state and accrediting agencies of any action taken against an institution.

In selecting schools for review, ED gives priority to schools with:

- ◆ a Federal Family Education Loan (FFEL) Program cohort default rate greater than 25 percent,
- ◆ a significant fluctuation in FFEL Program, Direct Loan Program, or Federal Pell Grant Program volume, *or*
- ◆ problems reported by an accrediting agency or a state agency.

Schools are typically notified of an upcoming program review in advance, but ED reserves the right to conduct an unannounced program review. Federal regulations stipulate that ED officials provide a school with a written request for a program review, but regulations do not preclude ED from providing the written request at the same time reviewers arrive at the school.



**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*
- HEA, Section 498A



**Reference:**

- <http://ifap.ed.gov>

\*Family Education Rights and Privacy Act (FERPA) regulations do not apply in these cases.

School personnel must cooperate fully with ED officials before, during, and after a program review. Whether the program review is announced or unannounced, a school is expected to have its records organized and readily available for reviewers, and the school must provide access to its records.\* Because certain school officials might not be immediately available during an unannounced program review, a school may be allowed additional time to submit requested information/responses to review findings.

### ***Focus of Program Reviews***

A program review covers many of the same areas as an audit, including fiscal operations and accounting procedures, as well as a school's compliance with specific Title IV program requirements for student eligibility and awards. Program reviews, however, tend to focus more on regulatory requirements specific to Title IV programs, such as:

- ◆ student eligibility records and admission records,
- ◆ fund requests and transfers,
- ◆ records pertaining to due diligence and collecting Federal Perkins Loans,
- ◆ time sheets and pay rates for the Federal Work-Study (FWS) Program, *and*
- ◆ documents supporting a school's Federal Pell Grant and campus-based program reporting.

The program review team prepares a written report and sends it to a school within 30 to 60 days of the review. The school is expected to respond to the report to provide additional information or if it disagrees with any of the report's conclusions. When ED has fully considered and evaluated the school's response (if any), ED sends a final program review determination (FPRD) letter to the school.

Like an audit, a program review may result in noncompliance findings or in monetary liabilities for a school.

Some common reasons for noncompliance findings include:

- ◆ unmet consumer-information requirements,
- ◆ excessive student drop-out or withdrawal rates,
- ◆ undocumented entrance and exit loan counseling interviews,
- ◆ inadequate notification to FFEL Program borrowers about refunds made to lenders,
- ◆ excessive Federal Perkins Loan Program cohort default rates, *and*
- ◆ improperly maintained satisfactory academic progress records.

Some common reasons for monetary liabilities include:

- ◆ incomplete or undocumented verification procedures,
- ◆ inadequately established or monitored satisfactory academic progress standards,
- ◆ late refunds or unmade refunds,
- ◆ excess cash on hand from Title IV programs,
- ◆ inconsistent information in student files,
- ◆ inadequately maintained accounting records,
- ◆ improperly constructed student budgets,
- ◆ ineligible programs or locations,
- ◆ an undocumented FISAP income grid,
- ◆ failure to exercise due diligence in collecting Federal Perkins Loans,
- ◆ records not being maintained as required, *and*
- ◆ audit reports not being submitted.

As a result of program-review findings and/or audit findings, ED may take emergency action against a school; fine a school for statutory and regulatory violations; or limit, suspend, or terminate a school's participation in Title IV programs. A school may appeal program-review findings and audit findings.

## 6.8 Repayment of Liabilities from an Audit or Program Review

An audit or program review may result in liabilities under any of the Title IV programs for a current award year or for prior award years. Such liabilities are reported to a school by ED in a **final program review determination (FPRD)** letter or a **final audit determination letter (FADL)**. If the FPRD or FADL states that the school owes funds to ED, it will give specific steps the school must take to reimburse ED for improperly spent funds. The institution should carefully follow the instructions in the FPRD or FADL for reimbursing these funds.

If a school owes payments to ED, a copy of its FPRD or FADL is also sent to the Receivables and Cash Receipt Team (RCRT) in ED's **Financial Services (FS)**, where an account receivable is established for the school. A school is also



**Reference:**

- 34 CFR 668 Subparts G and H



**Reference:**

- *Student Financial Aid Handbook, Volume 2: Institutional Eligibility*
- 34 CFR 668.23(g)

**Reference:**

- *GAPS Payee Guide – August 2000*

billed for the disallowed amount of funds, accrued interest, and penalties through ED's billing agent. Payment instructions are included with the bill.

If a school owes ED \$100,000 or more, it must remit payment through its financial institution by FEDWIRE. If a school owes ED less than \$100,000, it must remit payment by check to ED's billing agent.

A school may not reduce amounts reported as expended in GAPS to account for expenditures disallowed as a result of an audit or program review. Any Title IV funds returned for this purpose will not be credited to a school's GAPS account and will not reduce the school's cash-on-hand amount in GAPS. Unless otherwise directed by the FPRD or FADL, a school may not attempt to adjust its prior-year FISAPs or Federal Pell Grant processed payment information to reflect expenditures disallowed as a result of an audit or program review, nor may it make repayments directly to any Federal Family Education Loan (FFEL) Program lender or to the Direct Loan Servicing Center (DLSC).

If a school does not return funds owed ED as a result of an audit or program review, any of the following penalties may occur:

- ◆ The school may be assessed penalty and administrative charges, as well as accrued interest on any unpaid balance.
- ◆ The school may be referred to a commercial collection agency and charged the agency's collection costs.
- ◆ The school may be referred to the U.S. Department of Justice for collection and legal action.
- ◆ The school may be referred to other government agencies from which it receives funds for administrative offsets.
- ◆ The school may be reported to credit bureaus.

## 6.9 Guaranty Agency Reviews

Guaranty agencies are required to conduct program reviews at postsecondary schools that participate in the FFEL Program. A guaranty agency must conduct biennial (once every two years) on-site reviews at the ten schools with the highest loan volume through that agency, as well as at any school whose loan volume is two percent or more of the guaranty agency's total loan volume. A guaranty agency is also required to conduct biennial program reviews of schools in its state that have a default rate of more than 40 percent, as well as any schools with a default rate of more than 20 percent if ED notifies the agency the school does not have a default-reduction plan. A program review conducted by a guaranty agency is similar to ED's program review.

However, the guaranty agency's review focuses on how the school meets FFEL-specific requirements, such as:

- ◆ certifying loan applications,
- ◆ maintaining records supporting a student's loan eligibility,
- ◆ processing procedures and paying loan monies, *and*
- ◆ informing lenders when a student changes enrollment status.

Two copies of the guaranty agency's report are forwarded to ED, as is the school's payment if liabilities were assessed.