

# 7

## Records Management

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## OBJECTIVES

By the end of this session, you will be able to:

- ◆ explain what types of Title IV records must be maintained,
- ◆ explain the record-retention requirements on the duration, location, format, and availability of these records, and
- ◆ describe the relationship between records management and audits and program reviews.

## RESOURCES

- ◆ *The Blue Book*, Chapter 2—General Institutional Responsibilities
- ◆ *The Blue Book*, Chapter 6—Title IV Reporting, NSLDS, Audit, Program Review, and Guaranty Agency Procedures
- ◆ *Student Financial Aid Handbook: Institutional Eligibility and Participation*
- ◆ Federal Regulations  
34 CFR Parts 668, 674, 675, 676, 682, 685, and 690
- ◆ *Program Review Guide*
- ◆ *Audit Guide: Student Financial Assistance Programs*

## A. RECORD RETENTION

Notes



### ***Importance of Record Keeping***

Failure to comply with Title IV record-keeping requirements can:

- ◆ jeopardize school's eligibility for funds, and
- ◆ lead to findings, exceptions, or liabilities in an audit or program review.

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## B. MINIMUM LENGTH OF TIME RECORDS MUST BE MAINTAINED



### ***Minimum Time Records Must be Maintained***

- ◆ Keep records for Pell Grants, campus-based aid, FFEL Program loans, and Direct Loans at least 3 years after pertinent award year.

▲ Example:

- *Keep 1999-2000 records through at least June 30, 2003.*



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- The chart on the next page provides an overview of record-retention periods.

# Minimum Record-Retention Periods

Title IV Program	End of the award year in which the report was submitted	End of the award year for which the aid was awarded	End of the award year in which the student last attended the school	The loan is satisfied or the documents are needed to enforce the obligation	The date on which a loan is assigned to ED, cancelled, or repaid
<b>Campus-Based and Pell Grant</b>		3 Years			
Except:					
• Fiscal Operations Report and Application to Participate (FISAP) and supporting records	3 Years				
• Perkins repayment records					3 Years
• Perkins original promissory notes and repayment schedules				Until	
<b>FFEL and Direct Loans</b>					
• Records related to borrower's eligibility and participation			3 Years		
• All other records, including any reports and forms	3 Years				

## 1. Special Rules for FISAP and Federal Perkins Loan Program

Notes



### ***Fiscal Operations Report and Application to Participate (FISAP)***

- ◆ FISAP must be kept for 3 years after end of award year in which it was submitted.
- ◆ Most current FISAP (with October 1999 submission date):
  - ▲ will contain data for 1998-99,
  - ▲ must be submitted during 1999-2000,
  - ▲ will request funds for 2000-01, and
  - ▲ must be retained until June 30, 2003.

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### ***Federal Perkins Loan Program***

- ◆ Keep original promissory notes and repayment schedules in locked, fireproof container.
- ◆ Keep repayment records for 3 years from date on which loan is repaid, canceled, or assigned to ED, or as long as the documents are needed to enforce the loan obligation.



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## 2. Special Rules for Direct Loan Program and FFEL Program

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### ***Direct Loan Program and FFEL Program***

- ◆ Keep borrower eligibility records for 3 years after end of award year in which student last attended the school.
- ◆ Keep school aid-program-participation records for 3 years after end of award year in which information is submitted to ED.

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## 3. Records Subject to Audit, Program Review, or Investigation

- In general, schools keep reports to ED for three years after the award year in which the report is submitted.



### ***Records Subject to Audit, Program Review, or Investigation***

- ◆ Keep records questioned by Title IV program audit, program review, or investigation until the **later** of:
  - ▲ resolution of questionable loan, claim, or expenditure,
  - OR**
  - ▲ end of retention period applicable to that record.

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## C. TYPES OF RECORDS TO MAINTAIN

Notes



### ***Types of Records to Maintain***

Record maintenance and retention requirements cover:

- ◆ general student records,
- ◆ general institutional records,
- ◆ general fiscal records,
- ◆ reporting records,
- ◆ financial aid application and award records, and
- ◆ program-specific records.

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### 1. General Student Records



### ***General Student Records***

For each student receiving Title IV funds, school must keep records of:

- ◆ academic standing, including admission information,
- ◆ all financial aid received,
- ◆ financial aid the student received previously at other schools, if applicable, and
- ◆ all refunds due or paid to student, Title IV programs, or FFEL Program lenders.

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- Schools must also keep records relating to student consumer-information requirements and to requirements under the Student Right-To-Know Act (SRK) and Campus Security Act.

## 2. General Institutional Records



### ***General Institutional Records***

School must maintain records relating to its eligibility to participate in Title IV programs:

- ◆ Program Participation Agreement (PPA),
- ◆ accrediting and licensing agency reviews, approvals, and reports,
- ◆ state agency reports,
- ◆ audit and program review reports, and
- ◆ self-evaluation reports.

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## 3. General Fiscal Records

- A school must use generally accepted accounting principles (GAAP), and its fiscal records must show a clear audit trail for expenditures of federal funds.



### ***Fiscal Records***

School must maintain on a current basis:

- ◆ records of all Title IV transactions,
- ◆ bank statements dealing with Title IV funds,
- ◆ student accounts, and
- ◆ general ledger (control accounts) and related subsidiary ledgers.

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## 4. Reporting Records

Notes



### **Reporting Records**

School must maintain reports or copies of:

- ♦ FISAP,
- ♦ Federal Pell Grant Electronic Statements of Account (ESOAs),
- ♦ ED Payment Management System cash requests and quarterly or monthly reports,
- ♦ Grant Administration and Payment System (GAPS) cash requests,
- ♦ reconciliation reports for all Title IV programs,

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### **Reporting Records (cont'd)**

- ♦ federal, state, and independent audit reports and school responses,
- ♦ state grant and scholarship award rosters and reports, and
- ♦ accrediting and licensing agency reports.



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- A school must also maintain the supporting documentation for these reports.
- The chart on the next page provides examples of required Title IV fiscal records.

## EXAMPLES OF REQUIRED TITLE IV FISCAL RECORDS\*

Records relating to a school's administration of Title IV programs for an award year must be kept for 3 years after the end of that award year, unless otherwise indicated.

The following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive—see CFR 668.24(c) for a comprehensive list.

- ▶ Records of all Title IV program transactions
- ▶ Bank statements for all accounts containing Title IV funds
- ▶ Student accounts, which include each student's institutional charges, cash payments, Title IV payments, cash disbursements, and returned funds
  - ◇ Required for each enrollment period
  - ◇ Must be maintained on a current basis
- ▶ General ledger (control accounts) and related subsidiary ledgers that identify each Title IV program transaction
  - ◇ Title IV transactions must be separate from school's other financial transactions
  - ◇ Must be maintained on a current basis
- ▶ Reports and supporting documentation
  - ◇ Federal Pell Grant Electronic Statements of Account (ESOAs)
  - ◇ GAPS cash requests
  - ◇ Title IV program reconciliation reports
  - ◇ Audit reports and school responses
  - ◇ State grant and scholarship award rosters and reports
  - ◇ Accrediting and licensing agency reports
- ▶ Other records, as specified in the regulations, that pertain to factors of financial responsibility and standards of administrative capability

\* Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

## 5. Financial Aid Application and Award Records

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### ***Financial Aid Application and Award Records***

A school is required to keep extensive records involving student applications for financial aid and awards, including:

- ◆ student applications and need analysis documents,
- ◆ financial aid awards made to and accepted or declined by students,
- ◆ Direct Loan Program and FFEL Program records, and
- ◆ records of returned funds.

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- The chart on the next page provides examples of required records common to all Title IV programs.

## EXAMPLES OF REQUIRED RECORDS COMMON TO ALL TITLE IV PROGRAMS\*

Records relating to a school's administration of Title IV programs for an award year must be kept for three years after the end of that award year, unless otherwise indicated.

The following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive.

- ▶ SAR or ISIR\*\* used to determine eligibility
- ▶ Documentation of need and eligibility for Title IV funds
- ▶ Cost of attendance information
- ▶ Documents used to verify applicant data
- ▶ Required student certification statements and supporting documentation
- ▶ Documentation of all professional judgment decisions
- ▶ Data used to establish student admission, enrollment status, and period of enrollment
- ▶ Financial aid history information for transfer students
- ▶ Documentation of student's program of study and courses in which enrolled
- ▶ Documentation of student's satisfactory academic progress
- ▶ Documentation that student is no longer enrolled in elementary school, middle school, or secondary school
- ▶ Documentation of amount, date, and basis of all returned funds calculations for a student
- ▶ Documentation supporting the school's calculations of rates at which students graduate, complete educational programs, or transfer out

\* Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

\*\* ISIR must be maintained in the format in which it was originally received from ED (for example, on magnetic tapes or cartridges or as it was archived electronically in EDEExpress).

## 6. Program-Specific Records

- Some Title IV records are unique to specific programs.



***Examples of Program-Specific Record-Retention Requirements***

- ◆ FWS
  - ▲ Records documenting hours worked, earnings paid, and payroll transactions
- ◆ Federal Perkins Loan
  - ▲ Borrower's repayment history
- ◆ FFEL
  - ▲ Loan application (or applicant data for electronic applications)
  - ▲ Documentation of delivery of loan proceeds

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- The chart on the next three pages provides additional examples of required records unique to specific Title IV programs.

Notes

## EXAMPLES OF REQUIRED RECORDS UNIQUE TO SPECIFIC TITLE IV PROGRAMS

### Direct Loan Program and FFEL Program (34 CFR 685.309 and 682.610)

School must keep the following records relating to student or parent borrower's loan eligibility and participation in loan programs for 3 years after the end of award year in which student last attended school:

- ▶ Amount of loan and loan period
- ▶ Amount of tuition and fees paid for the loan period
- ▶ Amount and basis of calculation of refund paid to or on behalf of student
- ▶ Date and amount of each disbursement of each loan
- ▶ Borrower information collected at exit loan interview
- ▶ Documentation that student received both entrance loan counseling and exit loan counseling

School must keep all other records and reports related to school's participation in loan programs for 3 years after end of award year in which records are submitted to ED, to a lender, or to a guaranty agency.

### FFEL Program (34 CFR 682.610)

School must keep the following records for 3 years after end of award year in which student last attended school:

- ▶ Copy of loan application or data electronically transmitted to lender
- ▶ Name and address of lender
- ▶ Data used to determine student's EFC
- ▶ Date student paid the tuition and fees
- ▶ Date school endorsed each loan check
- ▶ Date or dates loan proceeds delivered to student
- ▶ For loans delivered by EFT or master check and with no authorization on the loan application, copy of borrower's written authorization to deliver the initial and subsequent disbursements of each FFEL Program loan

## EXAMPLES OF REQUIRED RECORDS UNIQUE TO SPECIFIC TITLE IV PROGRAMS (CONT'D)

### Federal Pell Grant Program (34 CFR 690.82)

School must keep the following records for 3 years after the end of award year in which aid was awarded and disbursed:

- ▶ A valid Institutional Student Information Record (ISIR) or Student Aid Report (SAR) of each student applying for a Federal Pell Grant
- ▶ Records of the eligibility of each enrolled student for whom the school has an ISIR or SAR
- ▶ The name and Social Security number of and the amount paid to each student
- ▶ The amount and date of each payment
- ▶ The amount and date of any overpayment that is restored to the program account
- ▶ Records of each student's enrollment period
- ▶ How each student's full-time or part-time enrollment status was determined

### FSEOG Program (34 CFR 676.19)

School must keep the following records for 3 years after end of award year in which aid was awarded and disbursed:

- ▶ The eligibility of each student assisted under the program and how each student's need was met
- ▶ A noncash-contribution record to document payment of the institution's share of grants to students

## EXAMPLES OF REQUIRED RECORDS UNIQUE TO SPECIFIC TITLE IV PROGRAMS (CONT'D)

### Federal Perkins Program (34 CFR 674.19)

School must keep the following records in a locked, fireproof container until loan is paid in full, discharged or canceled in full, assigned to ED, or is otherwise no longer the responsibility of school to collect:

- ▶ Original promissory notes
- ▶ Repayment schedules

School must keep the following records during repayment and for 3 years from date on which loan is satisfied or assigned to ED:

- ▶ Each borrower's repayment history (showing date and amount of each repayment) and amount of each repayment credited to principal, interest, collection costs, and penalty or late charges
- ▶ Documentation of the date, nature, and result of each contact with borrower or endorser in collection of overdue loan, including copies of all correspondence (except bills, routine overdue notices, and routine form letters)
- ▶ Records of any cancellations and deferment requests
- ▶ Collection agency reports
- ▶ Litigation records
- ▶ Copies of promissory notes and copies of repayment schedules
- ▶ Information collected at initial and exit loan counseling

### FWS Program (34 CFR 675.19)

School must keep the following records for 3 years after end of award year in which aid was awarded and disbursed:

- ▶ Certification that each student has worked and earned amount paid, signed by student's supervisor, school official, or off-campus employer
- ▶ Payroll voucher to support all payroll disbursements
- ▶ For hourly students, time sheet showing hours each student worked, in clock-time sequence or total hours worked each day
- ▶ Noncash contribution record, if applicable, documenting any payment of institutional share of student's earnings in form of services and equipment

## TEST YOURSELF QUIZ: MAINTAINING TITLE IV RECORDS

### Case A: Ad Astra College

Ad Astra College's policies and procedures manual specifies record-keeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that **do not** satisfy federal requirements.

1. Documents supporting student eligibility for Title IV funds are kept for 3 years after end of that award year.
2. Self-evaluation reports are kept for 3 years after end of that award year.
3. Collection agency reports on Perkins Loans are kept for 3 years from date on which loan is satisfied or assigned to ED.
4. Loan records questioned in an audit are kept for 3 years after end of that award year.
5. Records documenting student's satisfactory academic progress are kept for 3 years after end of that award year.
6. Records of Perkins Loan cancellation and deferment requests are kept for 3 years from date on which loan is satisfied or assigned to ED.
7. Records on amount of Direct Loan Program/FFEL Program loan and loan period are kept for 3 years after end of award year in which loan was made.
8. Records that support data appearing on Federal Pell Grant Electronic Statements of Account are kept for 3 years after end of that award year.

### Case B: Bona Fide Institute

Bona Fide Institute's policies and procedures manual specifies record-keeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that **do not** satisfy federal requirements.

1. FWS payroll vouchers to support all payroll disbursements are kept for 3 years after end of award year in which aid was awarded and disbursed.
2. Records on amount and basis of calculation of Direct Loan/FFEL refund paid to or on behalf of the student are kept for 3 years after end of award year in which refund was made.
3. Records of cost of attendance information are kept for 3 years after end of that award year.
4. Records of dates school endorsed FFEL Program loan checks are kept for 3 years after end of award year in which the student last attended school.
5. Records that support data provided on GAPS cash requests are kept for 3 years after end of that award year.
6. Original Perkins Loan promissory notes and repayment schedules are kept in locked, fireproof container until loan is satisfied or assigned to ED.
7. Financial aid history information for transfer students is kept for 3 years after end of that award year.
8. Program review reports are kept for 2 years after end of that award year.

## TEST YOURSELF QUIZ: MAINTAINING TITLE IV RECORDS (CONT'D)

### Case C: Colossus University

Colossus University's policies and procedures manual specifies record-keeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that **do not** satisfy federal requirements.

1. Records on student's job placement, if known, are kept for 3 years after end of award year in which student last attended school.
2. Documentation of all professional judgment decisions is kept for 3 years after end of that award year.
3. Records of name and address of FFEL lender are kept for 3 years after end of award year in which loan was made.
4. Accrediting and licensing agency reviews, approvals, and reports are kept for 3 years after end of that award year.
5. Bank statements for all accounts containing Title IV funds are kept for 3 years after end of that award year.
6. Records of a Perkins Loan borrower's repayment history are kept until loan is satisfied or assigned to ED.
7. State agency reports are kept for 3 years after end of that award year.
8. Direct Loan/FFEL borrower information collected at exit interview is kept for 3 years after end of award year in which the student last attended the school.

## D. FORMATS FOR RECORD RETENTION

- School must maintain required records in a systematically organized manner.



### ***Record Formats***

- ♦ Hard copy
- ♦ Optical disc
- ♦ Microform
- ♦ CD-ROM
- ♦ Computer file
- ♦ Other media formats that meet requirements

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### ***Acceptable Record-Retention Formats***

- ♦ All record information (except ISIR) must be retrievable in a coherent hard-copy format or in other media identified by ED.
- ♦ SAR or ISIR must be kept in format in which it was received by school, except SAR may be kept in imaged format.

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Notes

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### ***Acceptable Record-Retention Formats (cont'd)***

- ◆ Imaged media formats must be capable of producing accurate, legible, and complete copy of original in approximately same size as original.
- ◆ Maintain documents containing signature, seal, certification, or other image or mark in original hard copy or imaged media format.
- ◆ Maintain original Perkins Loan promissory notes and repayment schedules in locked, fireproof container.

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- During the award year, ISIRs can be maintained electronically in EDEXpress or kept on magnetic tapes or cartridges.
- After the award year has ended, EDEXpress can be used to archive the data to a disk or other computer format.
- A school receiving ISIRs on magnetic tape or cartridges may make a copy of the file received from ED.

## **E. ACCESS REQUIREMENTS**

The listing on the next page provides a look at records-access requirements.

## RECORDS-ACCESS REQUIREMENTS

- A school must make its records available to ED for review at a school location designated by ED.
- A school that participates in Title IV programs — and a third-party servicer with which it contracts — is required to cooperate in any audit, investigation, program review, or other review authorized by law.
- A school or its third-party servicer must provide access to the following individuals, agencies, or their authorized representatives:
  - ▶ independent auditors,
  - ▶ the U.S. Secretary of Education,
  - ▶ the U.S. Department of Education's Inspector General,
  - ▶ the Comptroller General of the United States,
  - ▶ any guaranty agency in whose program the school participates, and
  - ▶ the school's accrediting agency.
- A school or its third-party servicer cooperates in the review process by providing:
  - ▶ timely access for examining and copying requested Title IV records and transactions with financial institutions;
  - ▶ reasonable access to personnel administering Title IV programs; and
  - ▶ for any Title IV recipient, any information the school has about the last known address, full name, telephone number, enrollment status, employer, and employer's address.
- A school or third-party servicer is not in compliance if it:
  - ▶ refuses to allow its personnel to supply requested information;
  - ▶ permits interviews with its personnel only if school or third-party servicer management is present; or
  - ▶ permits interviews only if the interviews are tape-recorded by the school or third-party servicer.
- If a school closes, stops providing educational programs, is terminated or suspended from participating in a Title IV program, or undergoes a change of ownership that results in a change of control, it must provide for all of its records to be retained. It must meet the same accessibility requirements as those mandated for schools participating in Title IV programs.

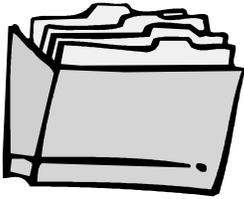
## E. AUDITS AND PROGRAM REVIEWS

Notes



### ***Audits and Program Reviews***

- ◆ Methods used by ED to ensure schools follow correct procedures to award, disburse, and account for federal funds.
- ◆ Records are essential.



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- *The Blue Book* describes audits and program reviews in detail in Section 6.7.



### ***Program Reviews***

Tend to focus on regulatory requirements specific to Title IV programs:

- ◆ student eligibility records and admission records,
- ◆ fund requests and transfers,
- ◆ Federal Perkins Loan due diligence and collection records,
- ◆ Federal Work-Study (FWS) time sheets and pay rates, and
- ◆ Federal Pell Grant and campus-based program reporting documents.

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- Higher Education Amendments of 1998 require ED to make copies of all program review guidelines and procedures available to schools.
- ED's *1994 Program Review Guide*, which is the most recent one published, is available on Information for Financial Aid Professionals (IFAP) Web site at <http://www.ifap.ed.gov>.

## Common Reasons for Monetary Liabilities Resulting From an Audit or Program Review

- ▶ Late refunds or refunds not made at all
- ▶ Excess cash on hand from Title IV programs
- ▶ Inconsistent information in student files
- ▶ Inadequately maintained accounting records
- ▶ 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
- ▶ Audit reports not being submitted

- A longer list appears on page 6-67 of *The Blue Book*.
- For discussion:
  - What was the most difficult aspect of going through an audit/program review?
  - What would you do to make it easier next time?
  - What advice would you give your colleagues at other schools?