

SESSION 3

RECORD RETENTION REQUIREMENTS

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SOURCES FOR FURTHER STUDY

- ◆ Public Law 103-382, Improving America's Schools Act of 1994 (IASA)
- ◆ Federal Regulations 34 CFR, Parts 668, 674, 675, 676, 682, 685, and 690
- ◆ Federal Register, November 27, 1996 (Student Assistance General Provisions; recordkeeping requirements)
- ◆ Federal Student Financial Aid Handbook, Chapter 3
- ◆ The Blue Book, July 1995

Notes

INTRODUCTION

November 27, 1996 Record Retention Regulation

- ◆ Conforms Student Assistance General Provisions to agree with IASA of 1994 (i.e., changes minimum retention period for SFA records from 5 years to 3 years)
- ◆ Consolidates recordkeeping requirements in General Provisions



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School must retain records involved in any loan, claim, or expenditure questioned by a federal audit until audit is resolved.

November 27, 1996 Record Retention Regulation (cont'd)

- ◆ Reduces recordkeeping burden
- ◆ Prescribes recordkeeping requirements under various electronic formats
- ◆ Applies only to institutions of higher education that are recipients of Title IV funds



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RECORD REQUIREMENTS

Required records may be maintained by financial aid office and other school offices. Responsible administrator in other offices should know record retention requirements for financial aid programs in which school participates.

EXAMPLES OF REQUIRED TITLE IV PROGRAM RECORDS*

Records relating to 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.

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

- ◆ Institutional Program Participation Agreement
- ◆ Accrediting and licensing agency reviews, approvals, and reports
- ◆ State agency reports
- ◆ Audit and program review reports
- ◆ Self-evaluation reports
- ◆ Other records, as specified in regulation, 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.

EXAMPLES OF REQUIRED TITLE IV FISCAL RECORDS*

Records relating to 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.

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

- ◆ 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, refunds, and repayments
 - Required for each enrollment period
 - Must be maintained on 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 current basis
- ◆ Federal Work-Study payroll records
- ◆ Records that support data appearing on required reports
 - Federal Pell Grant Statements of Account
 - ED Payment Management System cash requests and quarterly or monthly reports
 - Title IV program reconciliation reports
 - Audit reports and school responses
 - State grant and scholarship award rosters and reports
 - Accrediting and licensing agency reports

* 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.

EXAMPLES OF REQUIRED RECORDS COMMON TO ALL TITLE IV PROGRAMS*

Records relating to 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.

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 or secondary school
- ◆ Documentation of amount, date, and basis of all refund and repayment calculations for a student
- ◆ Documentation supporting 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 question(s) are resolved or the end of the appropriate retention period, whichever is longer.

** ISIR must be maintained in format in which it was originally received from ED (electronically in EDEExpress or on magnetic tapes or cartridges).

EXAMPLES OF REQUIRED RECORDS UNIQUE TO SPECIFIC TITLE IV PROGRAMS

Both Direct Loan and FFEL Programs*

- ◆ School must keep following records relating to student or parent borrower's loan eligibility and participation in loan programs for 3 years after end of award year ***in which student last attended school:***
 - Amount of loan and loan period
 - Amount of tuition and fees paid for loan period and date paid
 - Amount and basis of calculation of refund paid to or on behalf of student
 - Date and amount of each disbursement of each loan
 - Student's job placement, if known
 - Borrower information collected at exit interview
 - Documentation that student received both entrance and exit 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 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 school endorsed each loan check
 - Date or dates loan proceeds delivered to student
 - For loans delivered by EFT, copy of student's written authorization to transfer disbursements (*Note: This authorization is usually collected on original loan application.*)

* 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.

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

Campus-Based Programs*

Federal Perkins Loan Program (§34 CFR 674.19)*

- ◆ School must maintain following records until loan is paid in full, discharged or canceled in full, assigned to ED, or is otherwise no longer responsibility of school to collect:
 - Original promissory notes and repayment schedules kept in locked, fireproof container
 - 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 each contact with borrower or endorser in collection of overdue loan, including date, nature, result of the contact, and copies of all correspondence
 - Collection agency reports
 - Litigation records
- ◆ School must keep following records for 3 years ***from date on which loan is repaid, canceled, or assigned to ED:***
 - Repayment records, including any cancelation and deferment request

FWS Program (§34 CFR 675.19)*

- ◆ School must keep 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
 - 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

* 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.

Notes

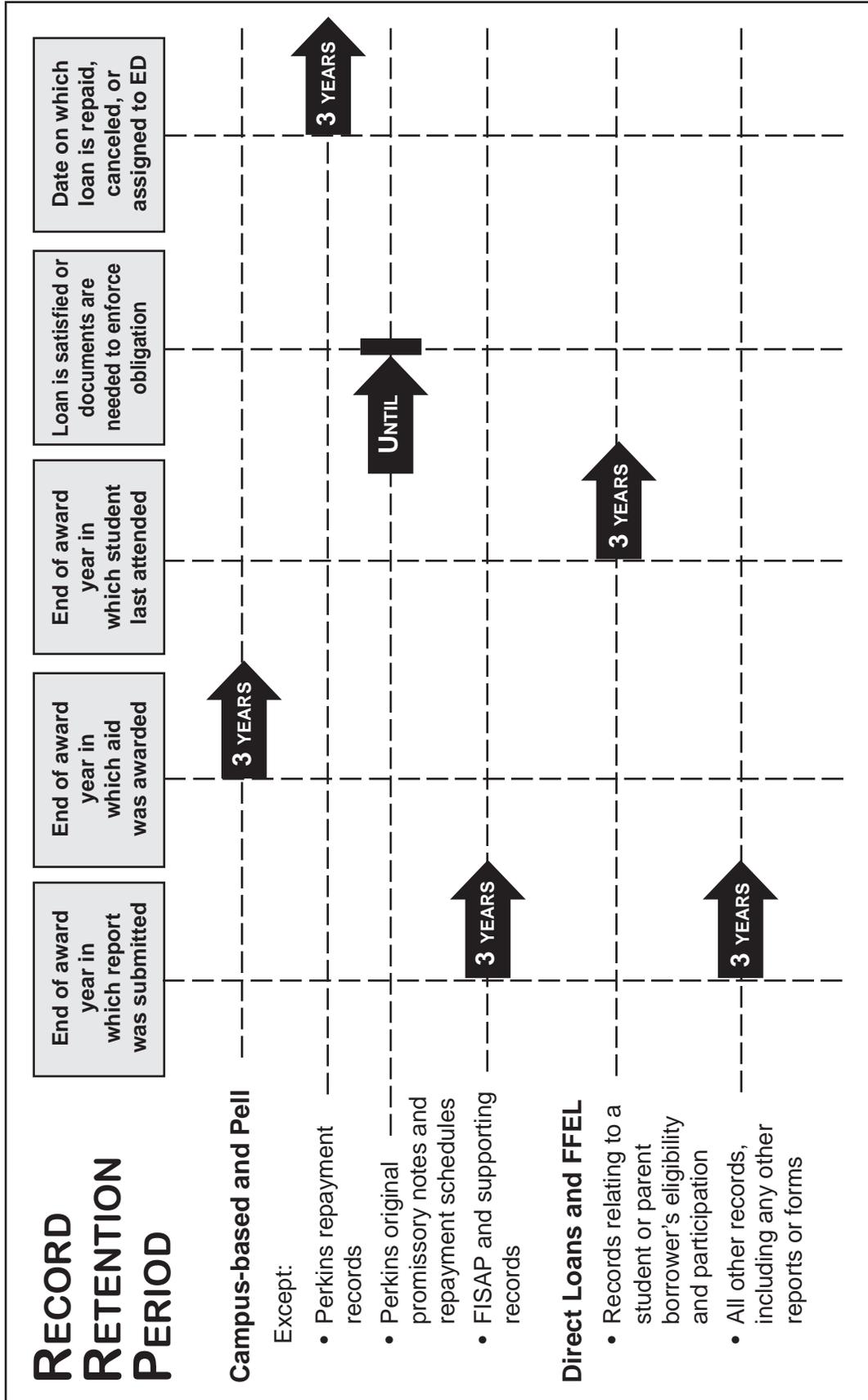
Program-specific records school must maintain include:

1. Documentation of Federal Perkins Loan repayment history to ensure enforceability of loan and to ensure borrower repayment;
2. Documentation of Federal Work-Study (FWS) hours worked, earnings paid, and payroll transactions; and
3. Federal Family Education Loan (FFEL) application (or loan applicant data, if application was submitted electronically) and documentation of delivery of loan proceeds.

Minimum Length of Time Records Must Be Maintained

| Minimum Length of Time Records Must Be Maintained | |
|---|--------------------|
| ◆ Campus-based and Federal Pell Grant program records must be kept for 3 years after award year to which records pertain (e.g., 1996-97 records must be kept through June 30, 2000) | |
| ◆ Records can be retained longer but school must respond to FAT requests for records it still retains | |
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Following chart summarizes requirements governing minimum length of time records must be retained.



NOTE The record retention period lasts for the period shown above unless the record is involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review.

Notes

Federal Perkins Loan Program

- ◆ Repayment records must be kept for 3 years from date on which loan is repaid, canceled, or assigned to ED (including cancellation and deferment records)



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Special Rules for Direct Loan and FFEL Programs

**Special Rules
for Direct Loan and FFEL**

- ◆ Direct Loan and FFEL borrower eligibility records must be kept for 3 years after end of award year *in which student last attended*
- ◆ Direct Loan and FFEL program participation records must be kept for 3 years after end of award year *in which records are submitted to ED*



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For records pertaining to borrower's eligibility and participation in Direct Loan and FFEL programs, longer record retention period is necessary to enforce loan and ensure borrower's repayment.

Notes

Acceptable Record Retention Formats

- ◆ All record information (except ISIR) must be retrievable in a coherent hard copy format or other acceptable media format identified by ED

- ◆ SAR or ISIR must be kept in format in which it was received by school, except that SAR may be maintained in imaged format



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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 document and in approximately same size as original
- ◆ Documents containing authorizing signature, seal, certification, or other image or mark must be maintained in original hard copy or in imaged media format
- ◆ Participants in Federal Perkins Loan Program must maintain original promissory notes and repayment schedules in locked, fireproof container

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Notes

Access Requirements (cont'd)

- ◆ School or third-party servicer shows cooperation by providing:
 - Timely access to records for examination and copying
 - Reasonable access to personnel administering Title IV programs
 - For any Title IV recipient, information concerning last known address, full name, telephone number, enrollment status, employer, and employer address

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Noncompliance

- ◆ 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
 - Permits interviews only if interviews are tape-recorded by school or third-party servicer

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If school closes, stops providing educational programs, is terminated or suspended from participating in the Title IV programs, or undergoes change of ownership that results in change of control, school must provide for the retention and accessibility of all of its records.

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