



Blue Book Glossary

150 Percent Limit (on Direct Unsubsidized Loans) New borrowers on or after July 1, 2013, cannot receive Direct Subsidized Loans for a period of time (measured in academic years) that exceeds 150 percent of the published length of their program of study.

A

Academic Attendance and Attendance at an Academically-Related Activity The criteria schools must use to determine whether a student has ceased attendance. A school must perform a Return of Title IV Aid (R2T4) calculation for students who have withdrawn (or otherwise ceased attendance). Criteria include but are not limited to

- ♦ physically attending a class where there is an opportunity for direct interaction between the instructor and students;
- ♦ submitting an academic assignment;
- ♦ taking an exam, an interactive tutorial, or computer-assisted instruction;
- ♦ attending a study group that is assigned by the institution;
- ♦ participating in an online discussion about academic matters; and
- ♦ initiating contact with a faculty member to ask a question about the academic subject studied in the course.

Academic attendance and attendance at an academically-related activity do not include activities where a student may be present, but not academically engaged.

Academic Competitiveness Grant (ACG) Program A previously offered grant program authorized by the Higher Education Act (HEA) under which grants were awarded during the first and second academic years of study to eligible financially needy undergraduate students who successfully completed rigorous secondary school programs of study.

Academic Year For a program that measures program length in credit hours,

- ♦ a minimum of 30 weeks of instructional time; and
- ♦ 24 semester or trimester hours or 36 quarter credit hours.

For a program that measures program length in clock hours,

- ♦ a minimum of 26 weeks of instructional time; and
- ♦ 900 clock hours.

For purposes of defining an academic year,

- ♦ a week is a consecutive seven-day period;
- ♦ a week of instructional time is any week in which at least one day of regularly scheduled instruction or examinations occurs or, after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations occurs; and
- ♦ instructional time does not include any vacation periods, homework, or periods of orientation or counseling.

Acceleration Demand for immediate repayment of the entire outstanding balance of a loan.

Account A record in the general ledger that is used to collect and store similar information. For example, a school will have a cash account in which every transaction involving cash is recorded.

Accepted Master Promissory Note (MPN) Once a borrower completes an MPN, it is examined in the Common Originations and Disbursement (COD) system for completeness. If, during processing, COD finds that all of the required fields on an MPN have been completed correctly, COD will accept the MPN. An accepted MPN is one of the criteria required for a loan to be booked.

Accounting Data Journals, ledgers, and other records, such as spreadsheets, that support financial statements. It may be in computer-readable form or on paper.

Accounting Records Records of initial accounting entries and supporting records, such as checks and records of electronic fund transfers; invoices; contracts; general and subsidiary ledgers; journal entries and other adjustments to the financial statements that are not reflected in journal entries; and records, such as work sheets and spreadsheets, supporting cost allocations, computations, reconciliations, and disclosures.

Accounting Standards Codification (ASC) The Codification, prepared by the Financial Accounting Standards Board (FASB), reorganizes the thousands of U.S. *Generally Accepted Accounting Principles* (GAAP) pronouncements into roughly 90 accounting topics and displays all topics using a consistent structure. It also includes relevant U.S. Securities and Exchange Commission (SEC) guidance that follows the same topical structure in separate sections in the Codification.

Accounts Receivable Debts due from customers from sales of products and services reported as a current asset.

Accredited The status of public recognition that a Department-recognized national accrediting agency grants to an institution or educational program that meets the agency's established requirements.

Accrual Basis of Accounting The accounting method under which revenues are recognized on the income statement when they are earned (rather than when

the cash is received). The balance sheet is also affected at the time the revenues are recognized by either an increase in cash (if the service or sale was for cash), an increase in "accounts receivable" (if the service was performed "on credit"), or a decrease in "unearned revenues" (if the service was performed after the customer had paid in advance for the service).

Act The Higher Education Act (HEA) of 1965, as amended, 20 U.S.C. 1071 et seq.

Actual Interest Rate The annual interest rate charged on a loan, which may be equal to or less than the applicable interest rate on that loan.

Adjusted Gross Income (AGI) An individual's adjusted gross income as reported to the Internal Revenue Service (IRS). For a married borrower filing jointly, AGI includes both the borrower's and spouse's income. For a married borrower filing separately, AGI includes only the borrower's income. The rules for calculating AGI are set by the IRS, not the Department.

Adjusting Entries Journal entries usually dated the last day of the accounting period to bring the balance sheet and income statement up to date on an accrual basis (as required by the matching principle and the revenue recognition principle).

Administrative Cost Allowance (ACA) Funds an institution participating in the Federal Pell Grant, Federal Perkins Loan, Federal Work Study (FWS), or Federal Supplemental Educational Opportunity Grant (FSEOG) programs is entitled to receive for an award year if it advances funds under the Federal Perkins Loan Program, provides FWS employment, awards grants under the FSEOG Program, or disburses Federal Pell Grants to students in that year.

Administrative Forbearance In certain circumstances, the Department grants forbearance without requiring documentation from the borrower. These circumstances include but are not limited to

- ♦ a properly granted period of deferment for which the Department learns the borrower did not qualify;
- ♦ the period for which payments are overdue at the beginning of an authorized deferment period;

- ◆ the period beginning when the borrower entered repayment without the Department’s knowledge until the first payment due date was established;
- ◆ the period prior to a borrower’s filing of a bankruptcy petition;
- ◆ a period after the Department receives reliable information indicating that the borrower (or the student in the case of a Direct Plus Loan obtained by a parent borrower) has died, or the borrower has become totally and permanently disabled, until the Department receives documentation of death or total and permanent disability;
- ◆ the periods necessary for the Department to determine the borrower’s eligibility for discharge;
- ◆ a period of up to three years in cases where the effect of a variable interest rate on a fixed-amount or graduated repayment schedule causes the extension of the maximum repayment term;
- ◆ a period during which the Department has authorized forbearance due to a national military mobilization or other local or national emergency;
- ◆ a period of up to 60 days necessary for the Department to collect and process documentation supporting the borrower’s request for a deferment, forbearance, change in repayment plan, or consolidation loan. Interest that accrues during this period is not capitalized; or
- ◆ for Direct Plus Loans first disbursed before July 1, 2008, to align repayment with a borrower’s direct plus loans that were first disbursed on or after July 1, 2008, or with Direct Subsidized Loans or Direct Unsubsidized Loans that have a grace period.

Adverse Credit History For federal student aid purposes, a financial history that negatively impacts eligibility for a federal education loan. A parent, graduate student, or professional student who has an adverse credit history (as defined in the Direct Loan Program regulations) is not eligible to receive a Direct PLUS Loan unless he or she (1) documents

to the satisfaction of the Department that there are extenuating circumstances, or (2) obtains an endorser for the loan who does not have an adverse credit history.

Adverse Opinion Auditor’s opinion that financial statements do not fairly present the financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

Agent An officer or employee of a covered institution or an institution-affiliated organization.

Aggregate Loan Limit The statutory maximum amount of principal an individual may borrow for all loans of a specific type, for all years of postsecondary study.

Agreement to Serve (ATS) An agreement under which the individual receiving a Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program) commits to meet his or her service obligation, and to comply with notification and other provisions of his or her agreement.

Allowance for Doubtful Accounts A contra asset account with a credit balance used to reduce the carrying amount of accounts receivable to net realizable value. The allowance balance is the estimated total of uncollectable accounts included in accounts receivable.

American Institute of Certified Public Accountants (AICPA) The national organization of certified public accountants.

Annual Award (in the Federal Pell Grant Program) The amount a student would receive under the applicable Payment Disbursement Schedule for a given level of enrollment (full time, half time etc.), Estimated Family Contribution (EFC), and COA.

Annual Award (in the TEACH Grant Program) The maximum TEACH Grant amount a student would receive for enrolling as a full-time, three-quarter-time, half-time, or less-than-half-time student and remaining in that enrollment status for a year.

Annual Loan Limit The statutory maximum a student may borrow at his grade level for one academic year. It varies by grade level, dependency status of borrower, etc.

Annual Percentage Rate (APR) The yearly cost of borrowing money reflected as a percentage rate.

Annual Security Report A report that participating schools are required to compile and file annually with the Department that summarizes the schools compliance with the requirements of 34 CFR 668.46.

Applicable Interest Rate The maximum annual interest rate that a lender may charge under the Act on a loan.

Apportionment A distribution of amounts available for obligation into amounts available for specified time periods, programs, activities, projects, objects, or combinations thereof. The apportioned amount limits the obligations that may be incurred.

Appropriation A form of budget authority provided by law that permits federal agencies to make payments out of the Treasury for specified purposes.

Assets Tangible or intangible items which have probable economic benefits that can be obtained or controlled.

Assets (on the Free Application for Federal Student Aid (FAFSA)) Cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, qualified education benefits, and the net value of real estate, income producing property, and business and farm assets.

Associate Degree School of Nursing A school that provides primarily or exclusively a two-year program of postsecondary education in professional nursing leading to a degree equivalent to an associate degree in the United States.

Athletically Related Student Aid Any scholarship, grant, or other form of financial assistance, the terms of which require the recipient to participate in a program of intercollegiate athletics at the institution. Other student aid, of which a student-athlete simply happens to be the recipient, is not athletically related student aid.

Attribution The process of assigning benefits or costs to time periods, programs, activities, projects, objects, or combinations thereof.

Audit Guide of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers Published by the Department's Office of the Inspector General (OIG), it assists independent auditors (IPAs) in performing audits of Federal Student Aid.

Audit Plan A description and schedule of audits to be performed in a certain period of time (ordinarily a year). It includes the areas to be audited, the type of work planned, the high-level objectives and scope of the work, and includes other items such as budget, resource allocation, schedule dates, and type of report issued.

Audit Trail or Transaction Trail Chains of evidence provided through coding, cross references, and documentation connecting accounting balances and other summary results with original transactions and calculations.

Auditing Standards Board (ASB) Board authorized by the AICPA to promulgate auditing and attest standards, quality control standards procedures, and implementation guidance for AICPA members performing such services.

Auditor Independence Statement A statement regarding the requirement that an auditor be independent of the entity examined. Intended to remind financial statement users about the auditor's obligations related to independence and to serve as a reminder to auditors of these obligations.

Automated Clearing House (ACH) An electronic clearing system in which a data processing center handles payment orders that are exchanged among financial institutions, primarily through telecommunications networks. ACH systems process large volumes of individual payments electronically. Typical ACH payments include salaries, consumer and corporate bill payments, interest and dividend payments, and Social Security payments.

Award Year The period beginning July 1 and ending June 30 of the following year.

B

Base Year The calendar year preceding the first calendar year of an award year.

Bilingual Education An educational program in which two languages are used to provide content matter instruction.

Booked Direct Loan A loan that is a legal binding obligation between the borrower and the U.S. Department of Education. A loan is considered booked when the COD System has accepted the loan origination record (the award record has been linked to the MPN), the MPN, and the first actual disbursement record for that loan ID. Direct PLUS Loans also require an accepted credit decision on file in the COD System to be booked.

Borrower An individual to whom a Title IV education loan is made.

Borrower Based Academic Year (BBAY) A type of academic year standard that may be used to measure annual loan limit progression (i.e., when a borrower becomes eligible for their next annual loan limit). Unlike a Scheduled Academic Year (SAY), a BBAY follows an individual student’s academic progress and does not begin and end at the same time each year.

Borrower’s Rights and Responsibilities (BRR) Statement Required under the HEA, the BRR Statement provides additional information about the terms and conditions of the loans a borrower receives under the MPN for Federal Direct Loans.

Branch Campus A location of an institution that is geographically apart and independent of the main campus of the institution. The Department considers a location of an institution to be independent of the main campus if the location

- ◆ is permanent in nature;
- ◆ offers courses in educational programs leading to a degree, certificate, or other recognized educational credential;
- ◆ has its own faculty and administrative or supervisory organization; and
- ◆ has its own budgetary and hiring authority.

Business Assets Property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery, and other equipment, patents, franchise rights, and copyrights.

C

Campus Any building or property owned or controlled by an institution within the same reasonably contiguous geographic area and used by the institution in direct support of, or in a manner related to, the institution’s educational purposes, including residence halls; and any building or property that is within or reasonably contiguous to the school’s campus that is owned by the institution but controlled by another person, is frequently used by students, and supports institutional purposes (such as a food or other retail vendor).

Campus-Based Programs Federal student aid programs under which funds are provided to participating institutions for awards to eligible students. The Campus-Based Programs include: the Federal Perkins Loan Program, the Federal Work-Study (FWS) Program, and the Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

Cancellation In the Perkins Loan Program, the forgiveness of a portion of a loan debt for a borrower who meets certain regulatory criteria (usually service). In the Direct Loan Program, loan “cancellation” refers to the borrower’s request to have all or a portion of a loan cancelled (i.e., when the borrower decides that he or she no longer wants or needs all or a portion of the loan). In the Direct Loan Program, cancellation of a loan debt in exchange for the borrower performing certain types of service is called “forgiveness,” and cancellation of a loan due to death, total and permanent disability (TPD), school closure, etc. is called “discharge.”

Capitalized Interest (Capitalization) Unpaid interest that has been added to the principal balance of a loan.

Cash Account The general ledger account that reports currency, coins, undeposited checks, and the checking accounts of a company.

Cash Basis for Accounting A system of accounting in which revenues are recorded when received in cash and expenses or expenditures are recorded when cash is disbursed.

Cash Management Regulations Those sections of 34 CFR (34 CFR Subpart K) that address the rules and procedures under which participating institutions request, maintain, disburse, and otherwise manage federal student aid program funds.

Central Processing System Student Aid Internet Gateway (CPS/SAIG) Vendor and system designed by the U.S. Department of Education for viewing or correcting SAR information, requesting or analyzing ISIR data, and calculating and managing the return of federal student aid program funds.

Certified Public Accountant (CPA) A credential conferred by a state or similar governmental jurisdiction that authorized the holder to practice as a certified public accountant in that jurisdiction.

Chart of Accounts A listing of the accounts available in the accounting system in which to record entries. The chart of accounts consists of balance sheet accounts (assets, liabilities, equity) and income statement accounts (revenues, expenses, gains, losses).

Child with a Disability A child or youth from ages 3 through 21, inclusive, who requires special education and related services because he or she has one or more disabilities as defined in section 602(3) of the Individuals with Disabilities Education Act.

Circular A-133 A release of the Office of Management and Budget. Its full name is Audits of States, Local Governments, and Non-profit Organizations. The circular sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards. Available at www.whitehouse.gov/omb/circulars.

Clinical Training The portion of a graduate medical education program that counts as a clinical clerkship for purposes of medical licensure comprising core, required clinical rotation, and not required clinical rotation.

Clock Hour A period of time consisting of

- ♦ a 50- to 60-minute class, lecture, or recitation in a 60-minute period;
- ♦ a 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; or
- ♦ 60 minutes of preparation in a correspondence course.

Closing Entries Journal entries are made after financial statements have been prepared at the end of the accounting year. Most of the closing entries involve the income statement accounts (revenues, expenses, gains, losses, and summary/clearing accounts). Closing entries will mean that the temporary accounts (income statement accounts and drawing account) will start the new accounting year with zero balances.

Code of Federal Regulations (CFR) The codification of the rules published in the Federal Register by agencies of the federal government. Each volume of the CFR is updated once each calendar year and issued quarterly. The volume for Education, Title 34, is updated on July 1 of each year. Cited as “34 CFR.”

Cohort (Loan) All of a school’s current and former students who during a fiscal year enter repayment on any Direct Subsidized Loan, Direct Unsubsidized Loan, or Federal Stafford Loan they received to attend the school.

Cohort Default Rate (CDR) The number of students in a cohort who default on their loans during a fiscal year divided by the total number of students in the cohort, expressed as a percentage.

Cohort Default Rate Guide (CDRG) U.S. Department of Education publication designed to assist schools with their William D. Ford Federal Direct Loan (Direct Loan) Program and Federal Family Education Loan (FFEL) Program cohort default rate data. The guide is a reference tool in understanding cohort default rates and processes.

Collateral Real or personal property pledged as part or full security on a debt.

Collateralize To pledge property as security (collateral) for a debt.

Collegiate School of Nursing A school that provides primarily or exclusively a minimum of a two-year program of postsecondary education in professional nursing leading to a degree equivalent to a bachelor of arts, bachelor of science, or bachelor of nursing in the United States, or to a degree equivalent to a graduate degree in nursing in the United States, and including advanced training related to the program of education provided by the school.

Co-maker One of two individuals who jointly borrow a consolidation loan, each of whom are eligible and who are jointly and severally liable for repayment of the loan. The term co-maker also includes one of two parents who are joint borrowers as previously authorized in the Federal Direct PLUS Loan Program (PLUS Loan Program).

Community Defender Organizations A defender organization established in accordance with section 3006A(g)(2)(B) of title 18, United States Code.

Community Services Services that are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs. These services include

- ◆ fields such as health care, child care (including child care services provided on campus that are open and accessible to the community), literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, emergency preparedness and response, crime prevention and control, recreation, rural development, and community improvement;
- ◆ work in service opportunities or youth corps as defined in section 101 of the National and Community Service Act of 1990, and service in the agencies, institutions and activities designated in section 124(a) of that act;
- ◆ support services to students with disabilities, including students with disabilities who are enrolled at the institution; and

- ◆ activities in which a student serves as a mentor for such purposes as
 - a) tutoring;
 - b) supporting educational and recreational activities; and
 - c) counseling, including career counseling.

Compensating Balance An offsetting balance. A requirement by some banks that a borrower maintain a minimum balance in a checking or savings account as a condition of a loan.

Compliance Conformity in fulfilling requirements under various statutes and regulations.

Composite Score The composite score standard combines different measures of fundamental elements of financial health to yield a single measure of a school's overall financial health. This method allows financial strength in one area to make up for financial weakness in another area, and provides an equitable measure of the financial health of schools of different sizes. Included in the calculation are the following ratios: Primary Reserve, Equity, and Net Income.

Comprehensive Student Work-Learning-Service Program A student work-learning-service program that

- ◆ is an integral and stated part of the institution's educational philosophy and program;
- ◆ requires participation of all resident students for enrollment and graduation;
- ◆ includes learning objectives, evaluation, and a record of work performance as part of the student's college record;
- ◆ provides programmatic leadership by college personnel at levels comparable to traditional academic programs;
- ◆ recognizes the educational role of work-learning-service supervisors; and
- ◆ includes consequences for nonperformance or failure in the work-learning-service program similar to the consequences for failure in the regular academic program.

Comprehensive Transition and Postsecondary Program

A degree, certificate, nondegree, or noncertificate program that

- ◆ is offered by a participating institution;
- ◆ is delivered to students physically attending the institution;
- ◆ is designed to support students with intellectual disabilities who are seeking to continue academic, career and technical, and independent living instruction at an institution of higher education in order to prepare for gainful employment;
- ◆ includes an advising and curriculum structure;
- ◆ requires students with intellectual disabilities to have at least one-half of their participation in the program, as determined by the institution, focus on academic components through courses or activities taken jointly with students without disabilities; and
- ◆ provides students with intellectual disabilities opportunities to participate in coursework and other activities with students without disabilities.

Computer Controls Internal controls performed by computer software as opposed to manual controls. Also means general and application controls over the computer processing of data.

Consolidated Financial Statements Financial statements that reflect the total economic entity (all entities with same management are presented together and all related party transactions are eliminated from the statements). For example, on a consolidated income statement a corporation that owns several individual schools would report the total of all of its schools' activities. A consolidated balance sheet would report the combined assets except for claims against schools within its group.

Consolidation The process of combining one or more loans into a single new loan.

Consortium A group of two or more eligible schools that interacts with the Department in the same manner as other schools, except that the business between the Department and the schools is channeled through a single point.

Contra Account One of two or more accounts which partially or wholly offset another or other accounts; on financial statements, they may be either merged or appear together.

Control Documented activities, policies, and procedures that help an organization meet its objectives, attain its goals, and accomplish its mission.

Control Account A general ledger account containing the correct total amount without containing the details. For example, Accounts Receivable could be a control account in the general ledger. Each day the total of the day's credit and collections are posted to this account. However, the details involving students' accounts will be found in a subsidiary ledger.

Control Activities Control activities are actions supported by policies and procedures that help ensure management directives are carried out properly and in a timely manner. Control activities can be classified either as preventive or detective. Preventive controls (e.g., approvals) attempt to deter or prevent undesirable events. Detective controls (e.g., reconciliations) attempt to detect undesirable events.

Control Environment or Internal Control Environment The overall attitude, awareness, and actions of directors and management (i.e., "those charged with governance") regarding the internal control system and its importance to the entity. A positive control environment is the foundation for all internal control standards. It provides discipline and structure as well as the climate of the workplace, which influences the quality of internal control.

Control Objectives Goals or standards for reducing or eliminating potential risks to an organization's mission.

Control Systems The organizational structure, operational procedures, and administrative practices adopted by all levels of management to provide reasonable assurance that programs and administrative activities are effectively carried out.

Correcting Entry A journal entry to correct an erroneous amount previously entered in the general ledger.

Corrective Action Actions needed to address an issue of noncompliance.

Corrective Action Plan (CAP) Statement of the corrective actions related to noncompliance, to include a responsible official, milestones toward completion of the action, metrics which measure progress and remediation, and dates when these milestones will be addressed. CAPs are to be maintained by the organization, and the status is to be reported as directed.

Correspondence Course A course provided by an institution under which the institution provides instructional materials, by mail or electronic transmission, including examinations on the materials, to students who are separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. Correspondence courses are typically self-paced. If a course is part correspondence and part residential training, the Department considers the course to be a correspondence course. Note: A correspondence course is not distance education.

Cost The monetary value of resources used or sacrificed, or liabilities incurred to achieve an objective, such as to acquire or produce a product, or to perform an activity or service. Depending on the nature of the transaction, cost may be charged to operations immediately, i.e., recognized as an expense of the period, or to an asset account for recognition as an expense of subsequent periods.

Cost of Attendance (COA) The cost in dollars, of a period of enrollment (such as an academic year). The COA for a student is an estimate of that student's educational expenses for the period of enrollment. Defining a student's COA is the first step in establishing a student's financial need. It sets the limit on the total need-based federal student aid a student may receive and is one of the components of the Pell Grant calculation.

Covered Institution Any institution of higher education, proprietary institution of higher education, postsecondary vocational institution, or institution outside the United States, that receives any federal funding or assistance.

CPS/SAIG Technical Support Call center that responds to questions about the Central Processing System (CPS), the Student Aid Internet Gateway (SAIG), Web products such as FAA Access to CPS Online, and assistance with software products such as EDconnect and EDExpress. Phone: 800-330-5947, 8:00 a.m. - 8:00 p.m. (ET), Monday through Friday.

Credit Balance See Title IV Credit Balance.

Credit Check A check of a Direct PLUS Loan applicant's credit record performed by COD to determine whether the individual has an adverse credit history. A credit check is generated when: (1) the COD system receives a Direct PLUS Loan Award; (2) the Direct PLUS Loan applicant completes a Direct PLUS Loan request via studentLoans.gov; or (3) the school (after obtaining the applicant's authorization) initiates a credit check on the web through COD.

Credit Hour Except as provided in 34 CFR 668.8(k) and (l), a credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally established equivalency that reasonably approximates not less than

- ♦ one hour of classroom or direct faculty instruction and a minimum of two hours of out of class student work each week for approximately 15 weeks for one semester or trimester hour of credit, or 10 to 12 weeks for one quarter hour of credit, or the equivalent amount of work over a different amount of time; or
- ♦ at least an equivalent amount of work as required in paragraph (1) of this definition for other academic activities as established by the institution including laboratory work, internships, practica, studio work, and other academic work leading to the award of credit hours.

Critical Audit Matters Those matters addressed during the audit that (1) involved the most difficult, subjective, or complex auditor judgments; (2) posed the most difficulty to the auditor in obtaining sufficient appropriate evidence; or (3) posed the most difficulty to the auditor in forming the opinion on the financial statements. Critical audit matters ordinarily are matters of such importance that they are included in the matters required to be (1) documented in the engagement completion document that summarizes the significant issues and findings from the audit; (2) reviewed by the engagement quality reviewer; (3) communicated to the audit committee; and (4) any combination of the three.

Critical Matter Standard in the Auditor Report Requires an auditor to communicate in the auditor's report (when the auditor expresses an unqualified opinion) critical audit matters that were addressed during the audit of the current period's financial statements. If the auditor determines that there are no critical audit matters, the auditor would state in the auditor's report that the auditor determined that there are no such matters to communicate.

Current Liabilities Amounts owed by an entity for which the financial statements are prepared, and which need to be paid within the fiscal year following the reporting date.

D

Default The failure to meet any obligation or term of a credit agreement, grant, or contract.

Default (Loan) A status that a loan is placed in if the borrower has failed to make a payment when due for the number of days allowed by the applicable regulations, or if the borrower violates other terms and conditions of the promissory note. Borrowers who default on federal education loans lose eligibility for further federal student aid, will have their default reported to national credit bureaus, and may have their wages garnished or tax refunds offset by the government.

Default Division Office within Federal Student Aid responsible for the management collecting defaulted loans and student overpayments.

Deferment (Loan) A period during which a borrower is entitled to have payments of principal and interest on federal education loans postponed if he or she meets the eligibility criteria for the deferment. Examples of reasons that entitle a borrower to deferment include enrollment in postsecondary education on at least a half time basis, unemployment, economic hardship, or qualifying active duty military service.

Degree or Certificate Seeking Student A student enrolled in a course of credit who is recognized by the institution as seeking a degree or certificate.

Dependent of the Student The student's dependent children and other persons (except the student's spouse) who live with and receive more than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year.

Dependent Student Any student who does not qualify as an independent student (see Independent Student). A FAFSA for a dependent student must include parent information.

Dependents (of a student's parents) The student, other dependent children of the student's parents (whether or not they reside with the parents), including those children who are deemed to be dependent students when applying for aid under this title, and other persons who live with and receive more than one-half of their support from the parent and will continue to receive more than half of their support from the parent during the award year.

Designated Department Official An official of the Department of Education to whom the Department has delegated responsibilities indicated in this part.

Deviation Departure from prescribed internal control procedures. Often expressed as a rate at which the departure occurs.

Diploma School of Nursing A school affiliated with a hospital or university, or an independent school, which provides primarily or exclusively a two-year program of postsecondary education in professional nursing, leading to the equivalent of a diploma in the United States or to equivalent indicia that the program has been satisfactorily completed.

Direct Assessment Program An instructional program that, in lieu of credit hours or clock hours as a measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others. The assessment must be consistent with the accreditation of the institution or program utilizing the results of the assessment.

Direct Consolidation Loan A Direct Loan created from the outstanding balances of other pre-existing federal education loans.

Direct Cost The cost of resources directly consumed by an activity. Direct costs are assigned to activities by direct tracing of units of resources consumed by individual activities.

Direct Loan Program Loan A loan made under the William D. Ford Federal Direct Loan Program.

Direct Loan Repayment Plan Any of the repayment plans under which Direct Loan borrowers can repay their loans. Available repayment plans are the: Standard Repayment Plan, Graduated Repayment Plan, Extended Repayment, Plan Income-Based Repayment (IBR) Plan, Pay As You Earn Plan, and Income-Contingent Repayment (ICR) Plan. Parent Direct PLUS Loan borrowers may only choose from the Standard, Graduated, and Extended plans.

Direct PLUS Consolidation Loan The portion of a Direct Consolidation Loan attributable to Direct PLUS Loans, Direct PLUS Consolidation Loans, Federal PLUS Loans, and Parent Loans for Undergraduate Students that were repaid by a consolidation loan. The borrower is responsible for the interest that accrues during any period.

Direct PLUS Loan A loan made under the Federal Direct PLUS Program.

Direct Subsidized Consolidation Loan The portion of a Direct Consolidation Loan attributable to certain subsidized Title IV education loans that were repaid by a consolidation loan. Interest is not charged to the borrower during deferment periods or for a borrower whose consolidation application was received before July 1, 2006, during in-school and grace periods.

Direct Subsidized Loan A loan made under the Federal Direct Stafford Ford Loan Program.

Direct Unsubsidized Consolidation Loan The portion of a Direct Consolidation Loan attributable to unsubsidized Title IV education loans, certain subsidized title IV education loans, and certain other federal education loans that were repaid by a consolidation loan. The borrower is responsible for the interest that accrues during any period.

Direct Unsubsidized Loan A loan made under the Federal Direct Unsubsidized Stafford Ford Loan Program.

Discharge (Loan) Cancellation of the balance due on a federal education loan. Reasons for discharge of a loan include the borrower's death (or the death of the student on whose behalf a parent obtained a Direct PLUS Loan), the borrower's total and permanent disability (as defined in the Department's regulations), school closure, and certain other conditions as specified in the Department's regulations.

Disclosure Statement See Loan Disclosure Statement.

Discount The difference between the estimated worth of a future benefit and its present value; a compensation for waiting or an allowance for returns from using the present value of these returns in other ways.

Discretionary Program Program for which outlays are controlled by annual appropriation acts. Annual appropriation acts are required to fund the continuing operation of all federal programs that are not "mandatory" (compare to *Entitlement Programs*).

Disposable Income That part of an individual's compensation from an employer and other income from any source, including spousal income, that remains after the deduction of any amounts required by law to be withheld, or any child support or alimony payments that are made under a court order or legally enforceable written agreement. Amounts required by law to be withheld include, but are not limited to, federal, state, and local taxes, Social Security contributions, and wage garnishment payments.

Distance Education Training that uses one or more of the technologies below to deliver instruction to students who are separated from the instructor and to support regular and substantive interaction between the students and the instructor, either synchronously or asynchronously. The technologies may include

- ◆ the internet;
- ◆ one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices;
- ◆ audio conferencing; or
- ◆ video cassettes, dvds, and cd-roms, if the cassettes, DVDS, or CD-Roms are used in a course in conjunction with any of the technologies listed in paragraphs (1) through (3) of this definition.

Documentation A written explanation that describes a topic so that an independent third party can understand it. Documentation includes explanations of program mission and functions, component control techniques, summary of the steps taken in conducting an internal control review, and the operation of a financial system.

Draft Cohort Default Rate The rate the Department issues for review before issuing an official cohort default rate. A draft cohort default rate is used only for the purposes described in 34 CFR 668.185.

E

Early Disbursement A disbursement of federal student aid made to a student up to 10 days before the first day of classes for a payment period or period of enrollment, as applicable.

Early Intervention Services Those services defined in section 632(4) of the Individuals with Disabilities Education Act that are provided to infants and toddlers with disabilities.

Earned In cash accounting, an item is “earned” and reported as revenue when cash is received. Under accrual accounting an item has been “earned”

and is reported as revenue when a service has been performed or product delivered, not when cash is received.

Education Loan Except when used as part of the term “private education loan,”

- ◆ any loan made, insured, or guaranteed under the Federal Family Education Loan (FFEL) Program;
- ◆ any loan made under the William D. Ford Federal Direct Loan Program; or
- ◆ a private education loan.

Educational Program A legally authorized postsecondary program of organized instruction or study that leads to an academic, professional, or vocational degree, or certificate, or other recognized educational credential, or is a comprehensive transition and postsecondary program.

Educational Service Agency A regional public multi-service agency authorized by state law to develop, manage, and provide services or programs to local educational agencies as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.

Effective Internal Control Reasonable assurance that operational objectives are achieved, that published financial statements are reliably prepared, and that the entity complies with applicable laws and regulations.

Electronic Data Exchange (EDE) An electronic exchange system between the central processor and an institution under which—

- ◆ a student is able to transmit his or her application information to the central processor through his or her institution and an ISIR is transmitted back to the institution;
- ◆ a student through his or her institution is able to transmit any changes in application information to the central processor; and
- ◆ an institution is able to receive an ISIR from the central processor for a student.

Elementary School A nonprofit institutional day or residential school, including a public elementary charter school, that provides elementary education, as determined under State law.

Eligible Institution An institution that qualifies as

- ◆ an institution of higher education, as defined in § 600.4 ;
- ◆ a proprietary institution of higher education, as defined in § 600.5; or
- ◆ a postsecondary vocational institution, as defined in § 600.6; and
- ◆ meets all the other applicable provisions of § 600.

Eligible Noncitizen An individual possessing an immigration status that meets the requirements of 34 CFR 668.33(a)(2).

Eligible Program An eligible program is an educational program that is provided by a participating institution and meets the requirements in 34 CFR 668.8(c) and (d).

Eligible Student A regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution, who meets the general and program requirements in 34 CFR 668.32 and 668.38, the citizenship requirements in 34 CFR 668.33, and satisfactory academic progress requirements in 34 CFR 668.34, who is not in default of a debt to the department under the HEA, and not in violation of the prohibitions of 34 CFR 668.40. Male students who are 18, or are above the age of 18, must be registered with the Selective Service to be eligible.

Emergency Action Action taken by the Department to suspend a school's or third-party's participation in the Title IV programs if the Department:

- ◆ receives reliable information that the school or third-party servicer is in violation of applicable laws, regulations, special arrangements, agreements, or limitations entered into under the authority of statutes applicable to Title IV of the HEA;

- ◆ determines that immediate action is necessary to prevent the likelihood of substantial losses by the federal government, parent borrowers, or students; and
- ◆ determines that the likelihood of loss exceeds the importance of following the procedures for limitation, suspension, or termination.

Endorser An individual who agrees to repay a Direct PLUS Loan if the borrower does not repay the loan.

Endowed Fund Usually a permanently restricted asset for which the principal portion must be retained indefinitely. The earnings from an endowed fund could be unrestricted or temporarily restricted.

English Language Acquisition The process of acquiring English as a second language.

Enrolled The status of a student who has

- ◆ completed the registration requirements (except for the payment of tuition and fees) at the institution that he or she is attending; or
- ◆ been admitted into an educational program offered predominantly by correspondence and has submitted one lesson, completed by him or her after acceptance for enrollment, and without the help of a representative of the institution.

Enrollment Status Full-time, three-quarter-time, half-time, or less-than-half-time, depending on a student's credit-hour work load per academic term, at an institution using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours. All levels are relative to full time. At an institution using clock hours, 24 hours a week is full time and 12 hours a week is half-time.

Entitlement Program A program in which the federal government becomes automatically obligated to provide benefits to members of a specific group who meet the requirements mandated by law. Programs for which outlays are not controlled by annual appropriation acts. (compare to *Discretionary Program*).

Entrance Counseling Information about loan terms and conditions, along with debt management strategies, that first-time student borrowers are required to receive before they may receive their first Direct Loan disbursement.

Equivalent of an Associate Degree An associate degree, or the successful completion of at least a two-year program that is acceptable for full credit toward a bachelor's degree and qualifies a student for admission into the third year of a bachelor's degree program.

Estimated Financial Assistance The estimated amount of assistance for a period of enrollment that a student (or a parent on behalf of a student) will receive from federal, state, institutional, or other sources, such as, scholarships, grants, the net earnings from need-based employment, or loans.

Excess Cash Any amount of federal student aid funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution—

- ◆ received those funds from the Department; or
- ◆ deposited or transferred to its federal account previously disbursed federal student aid program funds received from the Department, such as those resulting from award adjustments, recoveries, or cancellations.

Exit Counseling Information about loan terms and conditions, with emphasis on repayment requirements and debt management strategies, that each school participating in the federal education loan programs must ensure is provided to student borrowers. For Perkins Loan borrowers, the counseling must take place before the borrower leaves school, or as soon as possible after the school becomes aware that the borrower is no longer attending classes. For Direct Loan and FFEL student borrowers, the counseling must take place shortly before the borrower ceases to be enrolled at least half time, or as soon as possible after the school becomes aware that the borrower is no longer enrolled half time.

Expected Family Contribution (EFC) The amount a student and the student's family may be reasonably expected to contribute toward the student's postsecondary education for the academic year.

Expired Appropriations or Accounts Appropriation accounts in which the balances are no longer available for incurring new obligations because the time available for incurring such obligations has passed.

Extended Processing (Direct Loan) The Direct Loan Program provides relief from close-out processing deadlines for extenuating circumstances. An institution may request extended processing if it is unable to meet the processing deadline (also known as Closeout Deadline). The Department grants extended processing due to either an event such as a natural disaster, or a processing error.

F

Faculty Member at a Tribal College or University An educator or tenured individual who is employed by a Tribal College or University, as that term is defined in section 316 of the HEA, to teach, research, or perform administrative functions. For purposes of this definition, an educator may be an instructor, lecturer, lab faculty, assistant professor, associate professor, full professor, dean, or academic department head.

Fair Value The amount at which an asset or liability could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Family (for purposes of separation of functions) A parent, sibling, spouse, child, spouse's parent or sibling's, or child's spouse.

Family Contribution or Expected Family Contribution The amount which the student and the student's family may be reasonably expected to contribute toward the student's postsecondary education for the academic year for which the determination is made.

Family Size In the case of a dependent student, family size includes

- ◆ if the parents are not divorced or separated, family members include the student's par-

ents, and the dependents of the student’s parents including the student. (Unmarried parents living together are both considered part of the household, and both incomes must be reported.);

- ◆ if the parents are divorced or separated, family members include the parent whose income is included in computing available income and that parent’s dependents, including the student; and
- ◆ if the parents are divorced and the parent whose income is so included is remarried, or if the parent was a widow or widower who has remarried, family members also include, in addition to those individuals referred to in subparagraph (B), the new spouse and any dependents of the new spouse if that spouse’s income is included in determining the parents’ adjusted available income.

In the case of an independent student, family size includes

- ◆ the student, the student’s spouse, and the dependents of the student; and
- ◆ if the student is divorced or separated, family members do not include the spouse (or ex-spouse), but do include the student and the student’s dependents.

Federal Accounting Standards Advisory Board (FASAB) Group authorized by the accounting profession to establish generally accepted accounting principles (GAAP) applicable to federal government entities.

Federal Capital Contribution (FCC) Federal funds allocated or reallocated to an institution for deposit into the institution’s federal funds account under section 462 of the HEA.

Federal Direct Consolidation Loan Program One of the components of the Direct Loan Program. Loans made under this program are referred to as Direct Consolidation Loans and provide loans to borrowers who consolidate certain Federal educational loans.

Federal Direct PLUS Program A component of the Federal Direct Loan Program. It provides loans to parents of dependent students attending schools that

participate in the Direct Loan Program. The Federal Direct Graduate/Professional PLUS Program provides loans to graduate or professional students attending schools that participate in the Direct Loan Program. Direct PLUS borrowers are responsible for the interest that accrues during any period. Loans made under this program are referred to as Direct PLUS Loans.

Federal Direct Stafford/Ford Loan Program One of the components of the Direct Loan Program. It provides loans to undergraduate, graduate, and professional students attending schools that participate in the Direct Loan Program. The Department subsidizes the interest while the borrower is in an in-school, grace, or deferment period. Loans made under this program are referred to as Direct Subsidized Loans.

Federal Direct Unsubsidized Stafford/Ford Loan Program One of the components of the Direct Loan Program. It provides loans to undergraduate, graduate, and professional students attending schools that participate in the Direct Loan Program. The borrower is responsible for the interest that accrues during any period. Loans made under this program are referred to as Direct Unsubsidized Loans.

Federal Family Education Loan (FFEL) Programs This former loan program included the Federal Stafford Loan, Federal PLUS, Federal Supplemental Loans for Students (Federal SLS), and Federal Consolidation Loan programs. Lenders used their own funds to make loans to enable students or their parents to pay the costs of the students’ attendance at eligible institutions.

Federal Pell Grant Program A grant program authorized by the HEA under which grants are awarded to help financially needy students meet the cost of their postsecondary education.

Federal Perkins Loan Program The student loan program authorized by Title IV of the HEA. The Federal Perkins Loan Program includes loans made under the National Direct Student Loan Program and the National Defense Student Loan Program. This Campus-Based Program provides low-interest loans to financially needy students attending institutions of higher education to help them pay their educational costs.

Federal Public Defender Organization A defender organization established in accordance with section 3006A(g)(2)(A) of title 18, United States Code.

Federal Reserve Banks (FRB) A nationwide system for clearing and settling checks drawn on depository institutions located in all regions of the United States.

Federal Supplemental Educational Opportunity Grant (FSEOG) Program The Campus-Based Program that provides grants to eligible students who demonstrate exceptional financial need.

Federal Work-Study (FWS) Program A Campus-Based Title IV program that provides part-time employment to students attending institutions of higher education who need the earnings to help meet their costs of postsecondary education and encourages students receiving FWS assistance to participate in community service activities.

Fedwire The Federal Reserve Bank's nationwide real time gross settlement electronic funds and securities transfer network. Fedwire® is a credit transfer system. Each funds transfer is settled individually against an institution's reserve or clearing account on the books of the Federal Reserve. The transaction is considered an irrevocable payment when processed.

Fiduciary (n.) An entity that holds assets in trust. A school holds federal student aid funds in trust for recipients, their parents in the case of Parent PLUS Loans and the federal government.

Fiduciary (adj.) Relating to the collection or receipt, management, protection, accounting, investment and disposition of cash or other assets in which federal student aid recipients, their parents in the case of Parent PLUS Loans and the federal government have an ownership interest.

Fiduciary Activity An activity that relates to the collection or receipt, management, protection, accounting, investment and disposition by a school of cash or other assets in which federal student aid recipients, their parents in the case of Parent PLUS Loans and the federal government have an ownership interest that the school must uphold.

Fiduciary Relationship A fiduciary relationship exists when a school recognizes, agrees to, or consents to undertake fiduciary activity. Participating institutions have a fiduciary responsibility to ensure federal student aid funds are used as intended.

Final Audit Determination The written notice of a determination issued by a designated department official based on an audit of

- ♦ an institution's participation in any or all of the Title IV, HEA programs; or
- ♦ a third-party servicer's administration of any aspect of an institution's participation in any or all of the Title IV, HEA programs.

Final Program Review Determination The written notice of a determination issued by a designated Department official and resulting from a program compliance review of

- ♦ an institution's participation in any or all of the Title IV, HEA programs; or
- ♦ a third-party servicer's administration of any aspect of an institution's participation in any Title IV, HEA program.

Financial Accounting Standards Board (FASB) Independent, private, non-government group which is authorized by the accounting profession to establish generally accepted accounting principles in the United States.

Financial Need The cost of attendance for a student, minus

- ♦ the expected family contribution for such student, and
- ♦ any estimated financial assistance not received under Title IV.

Financial Reporting The main financial statements (income statement, balance sheet, statement of cash flows, statement of retained earnings, statement of owner's equity) plus other financial information, such as annual reports, press releases, etc.

Financial Statements The presentation of financial data, including accompanying notes derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a period of time, in accordance with a comprehensive basis of accounting.

Financial Statements Opinion An opinion that the financial statements present fairly, in all material respects, the financial position of the company as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with the applicable financial reporting framework. The opinion also includes an identification of the applicable financial reporting framework.

Fire Any instance of open flame or other burning in a place not intended to contain the burning or in an uncontrolled manner.

Fire Drill A supervised practice of a mandatory evacuation of a building for a fire.

Firefighter A firefighter is an individual who is employed by a federal, state, or local fire fighting agency to extinguish destructive fires; or provide fire fighting related services such as

- ◆ providing community disaster support and, as a first responder, providing emergency medical services;
- ◆ conducting search and rescue; or
- ◆ providing hazardous materials mitigation.

Fire-Related Death Any instance in which a person is killed as a result of a fire, including death resulting from a natural or accidental cause while involved in fire control, attempting rescue, or escaping from the dangers of a fire; or dies within one year of injuries sustained as a result of the fire.

Fire-Related Injury Any instance in which a person is injured as a result of a fire, including an injury sustained from a natural or accidental cause, while involved in fire control, attempting rescue, or escaping from the dangers of the fire. The term “person” may include students, employees, visitors, firefighters, or any other individuals.

Fire Safety System Any mechanism or system related to the detection of a fire, the warning resulting from a fire, or the control of a fire. This may include sprinkler systems or other fire extinguishing systems, fire detection devices, stand-alone smoke alarms, devices that alert one to the presence of a fire, such as horns, bells, or strobe lights; smoke-control and reduction mechanisms; and fire doors and walls that reduce the spread of a fire.

First-Time Undergraduate Student An entering undergraduate who has never attended any institution of higher education. It includes a student enrolled in the fall term who attended a postsecondary institution for the first time in the prior summer term, and a student who entered with advanced standing (college credit earned before graduation from high school).

Fiscal Records Financial records that reflect each federal student aid program transaction; and general ledger control accounts and related subsidiary accounts that identify each federal student aid program transaction, and separate those transactions from all other institutional financial activity, including the records specified in 34 CFR 668.24(c).

Fiscal Year An accounting year that ends on a date other than December 31. For example, a school district might have a fiscal year of July 1, 2011 through June 30, 2012.

Fixed Cost A cost that does not vary in the short term with the volume of activity.

Fixed Interest Rate An interest rate on a loan that remains the same for the entire term of the loan.

Forbearance A period during which a borrower may temporarily stop making loan payments, temporarily make smaller payments, or extend the time for making payments. A borrower who does not meet the eligibility requirements for a deferment may, at the discretion of the loan holder, receive a forbearance if the borrower does not meet the eligibility requirements for a deferment but is temporarily unable to make loan payments for reasons including, but not limited to, financial hardship or illness. Borrowers are also entitled to receive forbearance if they meet certain regulatory eligibility criteria.

Foreclosure A method of enforcing payment of a debt secured by a mortgage by seizing the mortgaged property. Foreclosure terminates all rights that the mortgagor has in the mortgaged property upon completion of due process through the courts.

Forgiveness In the Direct Loan and FFEL programs, cancellation of a loan debt in exchange for the borrower performing certain types of service.

Free Application for Federal Student Aid (FAFSA) The student aid application provided for under section 483 of the HEA, which is used to determine an applicant's eligibility for the federal student aid programs. See *Student Aid Application*.

FSATECH An e-mail listserv for technical questions about Federal Student Aid systems, software, and mainframe products. For more information on subscribing to FSATECH, go to ed.gov/offices/OSFAP/services/fsatechsubscribe.html.

Full-time Student An enrolled student who is carrying a full-time academic workload, as determined by the institution, under a standard applicable to all students enrolled in a particular educational program. The student's workload may include any combination of courses, work, research, or special studies that the institution considers sufficient to classify the student as a full-time student including for a term-based program, repeating any coursework previously taken in the program but not including either more than one repetition of a previously passed course, or any repetition of a previously passed course due to the student failing other coursework. However, for an undergraduate student, an institution's minimum standard must equal or exceed one of the following minimum requirements

- ♦ for a program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters), 12 semester hours or 12 quarter hours per academic term; or
- ♦ for a program that measures progress in credit hours and does not use terms, 24 semester hours or 36 quarter hours over the weeks of instructional time in the academic year, or the prorated equivalent if the program is less than one academic year; or

- ♦ for a program that measures progress in credit hours and uses nonstandard terms (terms other than semesters, trimesters or quarters).

Full-time Teacher (in the TEACH Program) A teacher who meets the standard used by a state in defining full-time employment as a teacher. For an individual teaching in more than one school, the determination of full-time is based on the combination of all qualifying employment.

Fund (Federal Perkins Loan Fund) A fund established and maintained according to § 674.8(a).

G

Garnishment A method of debt collection in which a portion of a person's salary or tax refund is paid to a third party in compliance with a statute or court order. Federal student aid funds are not subject to garnishment except to satisfy a debt to the Department.

General Fund Accounts for receipts not earmarked by law for a specific purpose.

General Journal A book of original entry that requires that the account being debited and the account being credited be listed along with the respective amounts. Because of accounting software and special journals there are relatively few entries made into the general journal.

General Ledger That part of the accounting system which contains the balance sheet and income statement accounts used for recording transactions.

Generally Accepted Accounting Principles (GAAP) Uniform minimum standards of and guidelines to financial accounting and reporting. Currently, the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), and the Federal Accounting Standards Advisory Board (FASAB) are authorized to establish these principles.

Generally Accepted Auditing Standards (GAAS) Standards governing the conduct of external audits by CPAs, as determined by the Auditing Standards Board (ASB) of the AICPA.

Going Concern Assumption The accounting guideline that allows the readers of financial statements to assume that the organization being audited will continue in operation long enough to realize its investment in assets through operations (as opposed to sale). An audit statement must note an opinion if the accountant performing the audit believes that the assumption is in doubt.

Government Accountability Office (GAO) Independent, non-partisan agency that assists Congress in investigating and reporting on government’s effectiveness in using public funds.

Government Auditing Standards or Generally Accepted Government Auditing Standards (GAGAS) Commonly referred to as the “Yellow Book,” it contains standards for audits of government organizations, programs, activities, and functions, and of governmental funds received by contractors, nonprofit organizations, and other non-government organizations. Revisions are issued as required by the Comptroller General of the United States.

Governmental Accounting Standards (GAS) Official promulgations by the Governmental Accounting Standards Board (GASB) and, if not superseded, part of generally accepted accounting principles applicable to state and local governmental entities.

Governmental Accounting Standards Board (GASB) Group authorized by the accounting profession to establish generally accepted accounting principles (GAAP) applicable to state and local governmental entities.

Grace Period A period of time following a borrower’s period of enrollment and preceding the repayment period start date for a loan during which the borrower is not required to make payments.

Grade-Level Progression A student’s movement through their academic program for purposes of determining when a borrower becomes eligible for a new annual loan limit.

Graduate or Professional Student A student who

- ♦ is not receiving federal student aid as an undergraduate student for the same period of enrollment;

- ♦ is enrolled in a program or course above the baccalaureate level or is enrolled in a program leading to a professional degree;
- ♦ has completed the equivalent of at least three years of full-time study either prior to entrance into his or her program or as part of the program itself.

Guaranty Agency A state or private nonprofit organization that has an agreement with the Department under which it will administer a loan guarantee program under the Act.

H

Half-time Student An enrolled student who is carrying a half-time academic workload, as determined by the institution, that amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student, except that a student enrolled solely in a program of study by correspondence must be carrying a workload of at least 12 hours of work per week, or is earning at least six credit hours per semester, trimester, or quarter. Note that regardless of the work, no student enrolled solely in correspondence study is considered more than a half-time student.

Handicapped Children Children ages 3 through 21, inclusive, who require special education and related services because they are

- ♦ mentally retarded,
- ♦ hard of hearing,
- ♦ deaf,
- ♦ speech and language impaired,
- ♦ visually handicapped,
- ♦ seriously emotionally disturbed,
- ♦ orthopedically impaired,
- ♦ specific learning disabled, or
- ♦ otherwise health impaired.

High-Need Field (in the TEACH Program) Any field documented as high-need by the federal government, a state government, or a local education agency (LEA), and approved by the Department and listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List) in accordance with 34 CFR 682.210(q).

High-Risk Children Individuals under the age of 21 who are low-income or at risk of abuse or neglect, have been abused or neglected, have serious emotional, mental, or behavioral disturbances, reside in placements outside their homes, or are involved in the juvenile justice system.

Higher Education Act (HEA) Federal legislation passed in 1965, with amendments and reauthorizations subsequently passed, authorizing federal postsecondary student financial aid programs and mandating that the programs be regulated and administered by the U.S. Department of Education.

Holder See *Loan Holder*.

I

Immigration and Naturalization Service (INS) A federal agency abolished when the Department of Homeland Security was created in 2003 and its responsibilities were split into three different agencies. (see *U.S. Citizenship and Immigration Services*)

Immigration Status The status conferred on a noncitizen under the Immigration and Nationality Act of 1952, as amended, 8 U.S.C. 1182.

Improper Payment Any payment made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements and includes any payment to an ineligible recipient, any payment for an ineligible service, any duplicate payment, payments for services not received, and any payment that does not account for credit for applicable discounts. (See *Overaward* and *Overpayment*.)

Incarcerated Student A student who is serving a criminal sentence in a federal, state, or local penitentiary, prison, jail, reformatory, work farm, or

other similar correctional institution. A student is not considered incarcerated if that student is in a half-way house or home detention or is sentenced to serve only weekends.

Incompatible Duties Internal control systems rely on separation of function or duties to reduce the chance of errors or fraud. Duties are incompatible if they should be separated for control. For example, one person should not be in a position to both embezzle funds and to hide the embezzlement by changing the recorded accountability.

Increased Unsubsidized Eligibility for Health Professions Students To replace loan funds that otherwise would have been available under the former HEAL Program, schools can award increased Direct Unsubsidized Loan amounts to graduate or professional students who are enrolled at least half-time in a health professions discipline that was eligible under the HEAL Program, or in certain naturopathic medical programs.

Incurred A word used by accountants to communicate that an expense has occurred and needs to be recognized on the income statement even though no payment was made. The second part of the necessary entry will be a credit to a liability account.

Independent Auditor A certified public accountant or a government auditor who meets the Government Auditing Standards qualification and independence standards, including standards related to organizational independence.

Independent Student A student who qualifies as an independent student under section 480(d) of the HEA. A student who satisfies one of the following criteria:

- ♦ is 24 years of age or older by December 31 of the award year;
- ♦ is an orphan, in foster care, or a ward of the court, or was an orphan, in foster care, or a ward of the court at any time when the individual was 13 years of age or older;
- ♦ is, or was immediately prior to attaining the age of majority, an emancipated minor or in legal guardianship as determined by a court of competent jurisdiction in the individual's State of legal residence;

- ◆ is a veteran of the Armed Forces of the United States (as defined in subsection (c) (1)) or is currently serving on active duty in the Armed Forces for other than training purposes;
- ◆ is a graduate or professional student;
- ◆ is a married individual;
- ◆ has legal dependents other than a spouse;
- ◆ has been verified during the school year in which the application is submitted as either an unaccompanied youth who is a homeless child or youth or as unaccompanied, at risk of homelessness, and self-supporting; or
- ◆ is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

Indirect Cost A cost that cannot be identified specifically with or traced to a given cost object in an economically feasible way.

Infant or Toddler with a Disability An infant or toddler from birth to age 2, inclusive, who needs early intervention services for specified reasons, as defined in section 632(5)(A) of the Individuals with Disabilities Education Act.

Initial Grace Period That period which immediately follows a period of enrollment and immediately precedes the date of the first required repayment on a loan. This period is generally nine months for Federal Perkins loans, Defense loans, and NDSLs made before October 1, 1980, and six months for other Direct loans.

Initiating Official The designated department official authorized to begin an emergency action under 34 CFR 668.83.

In-Kind Goods or services provided instead of money.

Input Controls Computer controls designed to provide reasonable assurance that transactions are properly authorized before processed by the computer, accurately converted to machine readable form and recorded in the computer, that data files and transactions are not lost, added, duplicated or

improperly changed, and that incorrect transactions are rejected, corrected and, if necessary, resubmitted on a timely basis.

Institution An institution of higher education, or a proprietary institution of higher education, or a postsecondary vocational institution as defined in 34 CFR part 600.

Institution-Affiliated Organization Any organization that is directly or indirectly related to a covered institution; and is engaged in the practice of recommending, promoting, or endorsing education loans for students attending such covered institution or the families of such students.

An institution-affiliated organization may include an alumni organization, athletic organization, foundation, or social, academic, or professional organization, of a covered institution. An institution-affiliated organization does not include any lender with respect to any education loan secured, made, or extended by such lender.

Institution of Higher Education A public or private nonprofit educational institution that

- ◆ is in a state, or for purposes of the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, and Federal Work-Study, programs may also be located in the Federated States of Micronesia or the Marshall Islands;
- ◆ admits as regular students only persons who—
 - a) have a high school diploma; have the recognized equivalent of a high school diploma; or
 - b) are beyond the age of compulsory school attendance in the state in which the institution is physically located;
- ◆ is legally authorized to provide an educational program beyond secondary education in the state in which the institution is physically located;

- ◆ provides an educational program
 - a) for which it awards an associate, baccalaureate, graduate, or professional degree;
 - b) that is at least a two-academic-year program acceptable for full credit toward a baccalaureate degree; or
 - c) that is at least a one-academic-year training program that leads to a certificate, or other nondegree recognized credential, and prepares students for gainful employment in a recognized occupation; and
 - d) provides a comprehensive transition and postsecondary program, as described in 34 CFR part 668, subpart O; and
- ◆ Is
 - a) accredited or preaccredited; or
 - b) approved by a state agency listed in the Federal Register in accordance with 34 CFR part 603, if the institution is a public postsecondary vocational educational institution that seeks to participate only in federal student assistance programs.

Institutional Capital Contribution (ICC) Institutional funds contributed to establish or maintain a federal student aid program.

Institutional Student Information Record (ISIR) An electronic record that the Department transmits to an institution that includes an applicant's FAFSA information; personal identification information; and EFC.

Interest The cost of borrowing money. Interest is an expense calculated as a percentage of the outstanding (unpaid) principal balance.

Interest Rate The annual interest rate that is charged on a loan. The price charged per unit of money borrowed per year, or other unit of time, usually expressed as a percentage.

Interim Disbursement A disbursement made prior to verification by a school to an applicant selected for verification, when the school believes the applicant's FAFSA information is accurate. A school is liable for

any overpayment the student receives as an interim disbursement for which the student is later determined to be ineligible and any subsidized student financial aid the student received if the school does not receive a valid SAR/ISIR within the timeframe established under 34 CFR 668.60, that is not eliminated by adjusting other financial assistance or recovered from the student.

Internal Control A process, directed by a school's management and other personnel, designed to provide reasonable assurance that the objectives of the school are being achieved in the following categories

- ◆ effectiveness and efficiency of operations including the use of the school's resources;
- ◆ reliability of financial reporting, including reports on budget execution, financial statements, and other reports for internal and external use;
- ◆ compliance with applicable laws and regulations.

Internal controls consist of the control environment, risk assessment, control activities, information and communication, and monitoring. A necessary implication or subset of these objectives is the safeguarding of school and trust assets against unauthorized acquisition, use, or disposition. Consequently, the definition of internal control, as it relates to safeguarding assets can be extended to include processes, directed by a school's management and other personnel, designed to provide reasonable assurance regarding prevention of or prompt detection of unauthorized acquisition, use, or disposition of the school's assets.

Internal Control Deficiency Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Internal Control Standards Standards that define the minimum level of quality acceptable for internal controls and provide the basis against which internal controls are to be evaluated.

Internal Control System The organization structure, operating procedures, and administrative practices that provide reasonable assurance that programs and administrative activities are efficiently carried out in accordance with the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123, "Management Accountability and Control."

International Accounting Standards Board (IASB) An organization whose members represent accounting bodies in member countries. The group is dedicated to bringing about the harmonization of international accounting standards.

International Auditing and Assurance Standards Board (IAASB) The committee authorized by the International Federation of Accountants (IFAC) to issue International Standards on Auditing (ISA) and guidance.

International Financial Reporting Standards (IFRS) A set of accounting standards, developed by the International Accounting Standards Board (IASB), that is becoming the global standard for the preparation of public company financial statements. The IASB is an independent accounting standards body, based in London, that is unaffiliated with the AICPA.

J

Job Location and Development Within Federal Work Study, this program is designed to expand off-campus job opportunities for students who are enrolled in eligible institutions of higher education and want jobs, regardless of their financial need, and to encourage students to participate in community service activities.

Journal The record of journal entries in order by date. Often referred to as the book of original entry, since the entries are first recorded in a journal. From the journal the entries will be posted to the designated accounts in the general ledger.

Journal Entry The entry made in a journal. It will contain the date, the account name and amount to be debited, and the account name and amount to be credited. Each journal entry must have the dollars of debits equal to the dollars of credits.

L

Late Disbursement A disbursement of federal student aid made to an otherwise eligible student after the date that

- ♦ for a loan under the Direct Loan Program, the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended; or
- ♦ for an award under the Federal Pell Grant, FSEOG, Federal Perkins Loan, and TEACH Grant programs, the student is no longer enrolled at the institution for the award year.

Legal Guardian An individual appointed by a court to be a "guardian" of a person and specifically required by the court to use his or her financial resources for the support of that person.

Legally Authorized The legal status granted to an institution through a charter, license, or other written document issued by the appropriate agency or official of the State in which the institution is physically located.

Lender The organization that initially made an education loan. The lender could be the U.S. Department of Education, the borrower's school, or a lending institution.

Letter of Credit Document granted by banks stating that the bank will guarantee amounts that its customer incurred.

Leveraging Educational Assistance Partnership (LEAP) Program A grant program authorized by Title IV of the HEA.

Liability For federal accounting purposes, a probable future outflow or other sacrifice of resources as a result of past transactions or events.

Librarian with a Master's Degree An information professional trained in library or information science who has obtained a postgraduate academic degree in library science awarded after the completion of an academic program of up to six years in duration, excluding a doctorate or professional degree.

Limitation (of participation) The continuation of a school's or third-party servicer's eligibility to participate in the Title IV programs subject to compliance with special conditions established by agreement with the Department or imposed as the result of a limitation or termination proceeding.

Liquidity The availability of cash or ability to obtain it quickly. Debt paying ability.

Loan Balance The amount owed on a loan that if paid will retire the loan. See *Loan Principal*.

Loan Disclosure Statement (Direct Loan) A document that provides a Direct Loan borrower with important loan-specific information, such as the anticipated loan disbursement amounts, the anticipated loan disbursement dates, and the amount of the borrower's loan fee. It is provided to the borrower before or at the time of the first disbursement of a Direct Loan.

Loan Forgiveness The cancellation or reduction of a loan debt under the FFEL or Direct Loan programs for certain types of public service.

Loan Guarantee Any guarantee, insurance, or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a borrower to a nonfederal lender.

Loan Holder The organization that owns a loan. Examples include the U.S. Department of Education, banks, and schools. Most federal student loans made since July 1, 2010, are owned by the U.S. Department of Education. The current loan holder may be different than the organization that originally made the loan. The loan holder may be different than the loan servicer.

Loan Period See *Period of Enrollment*.

Loan Principal Initially, the amount borrowed plus any fees charged by the lender. Later, it includes capitalized interest, charges and fees allowed by regulation, less any amount paid and credited to principal, and any amount cancelled, forgiven, or discharged.

Loan Proration Proportionally reducing an undergraduate Direct Loan borrower's annual loan limit if the borrower is enrolled in a program shorter than a full academic year, or in a program that is more than one academic year in length but is in a remaining period of study shorter than a full academic year.

Loan Servicer An entity that collects payments on loans, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan (e.g., processing requests for a change in repayment plans). A federal loan servicer is a loan servicer for the U.S. Department of Education.

Local Educational Agency (LEA) (1) A public board of education or other public authority legally constituted within a state to administer, direct, or perform a service function for public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state; or such combination of school districts of counties as are recognized in a state as an administrative agency for its public elementary or secondary schools. (2) Any other public institution or agency having administrative control and direction of a public elementary or secondary school.

Lockbox (bank lockbox) Speeds the availability of funds from cash collections by reducing the time from the customer mailing the check until the funds are available to spend. Remittances are sent to a bank near the customer and the bank deposits funds speedily to the payee's account.

Loss (n.) (financial) Any expense or irrecoverable cost, often referred to as a form of nonrecurring charge; an expenditure from which no present or future benefit may be expected.

Low-Income Community A community where there is a high concentration of children eligible to be counted under title I of the Elementary and Secondary Education Act of 1965, as amended.

M

Master Promissory Note (MPN) A promissory note that can be used to make one or more loans for one or more academic years (up to 10 years). An MPN lists the terms and conditions under which the borrower agrees to repay the loan and explains the borrower's rights and responsibilities.

Material Weaknesses (in financial reporting) Reportable condition or combination of reportable conditions, that results in more than a remote likelihood that a material misstatement of the financial statements, or other significant financial reports, will not be prevented or detected.

Measurable Can be determined with reasonable certainty or is reasonably estimable.

Medical Technician An allied health professional (working in fields such as therapy, dental hygiene, medical technology, or nutrition) who is certified, registered, or licensed by the appropriate state agency in the state in which he or she provides health care services. An allied health professional is someone who assists, facilitates, or complements the work of physicians and other specialists in the health care system.

Misrepresentation Any false, erroneous or misleading statement an eligible institution, one of its representatives, or any ineligible institution, organization, or person with whom the eligible institution has an agreement to provide educational programs, or to provide marketing, advertising, recruiting, or admissions services makes directly or indirectly to a student, prospective student or any member of the public, or to an accrediting agency, to a state agency, or to the Department. A misleading statement includes any statement that has the likelihood or tendency to deceive or confuse. A statement is any communication made in writing, visually, orally, or through other means. Misrepresentation includes the dissemination of a student endorsement or testimonial that a student gives either under duress or because the institution required the student to make such an endorsement or testimonial to participate in a program.

Modules or Offered in Modules A program is “offered in modules” if a course or courses in the program does not span the entire length of the payment period or period of enrollment.

MPN Acknowledgement The COD response sent to schools upon receipt of an MPN once edits have been performed and the linking attempted by COD.

MPN ID The unique identifier printed on the MPN. It is made up of a student's SSN, ‘M’ – for subsidized or unsubsidized, ‘N’ – for Parent PLUS and Grad PLUS, the last two digits of the award year, a school's Direct Loan code, and a three-digit sequence number. Example: 123456789M07G12345001.

Multi-Year (MY) Feature The feature of the Master Promissory Note that allows multiple Direct Loans for the same student borrower to be disbursed under the same MPN. Once an MPN has been accepted and remains open, schools that use this feature do not have to obtain a new promissory note each academic year. The MPN may be valid for up to 10 years.

N

National Committee on Foreign Medical Education and Accreditation (NCFMEA) The operational committee of medical experts established by the Department to determine whether the medical school accrediting standards used in other countries are comparable to those applied to medical schools in the United States, for purposes of evaluating the eligibility of accredited foreign graduate medical schools to participate in the title IV, HEA programs.

National Credit Bureau or Nationwide Consumer Reporting Agency A credit bureau with a service area that encompasses more than a single region of the country. Any one of the national credit bureaus with which the Department has an agreement.

National Early Intervention Scholarship and Partnership (NEISP) Program The scholarship program authorized by Chapter 2 of subpart 1 of Title IV-A of the HEA.

National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) Program A previously offered grant program under which grants were awarded during the third and fourth academic years of study to eligible financially needy undergraduate students pursuing eligible majors in the physical, life, or computer sciences, mathematics, technology, or engineering, or foreign languages determined to be critical to the national security of the United States.

Nationally Recognized Accrediting Agency An agency or association that the Department recognizes as a reliable authority to determine the quality of education or training offered by an institution or a program offered by an institution. The Department recognizes these agencies and associations under the provisions of 34 CFR part 602 and publishes a list of the recognized agencies in the Federal Register.

Need-based Employment Employment provided by an institution itself or by another entity to a student who has demonstrated to the institution or the entity (through standards or methods it establishes) a financial need for the earnings from that employment for the purpose of defraying educational costs of attendance for the award year for which the employment is provided.

Negative Assurance A statement of what the CPA does not know as opposed to what the CPA believes (positive assurance) that is, a statement that nothing came to his attention that caused him to believe that the accounts examined did not meet a specified standard. A statement that the CPA was “not aware of material modifications that should be made to financial statements for them to conform with U.S. generally accepted accounting principles” is negative assurance.

Net Assets The current market value at the time of application of the assets (not including a home or farm) minus the outstanding liabilities or indebtedness against the assets.

Nominal (or Face or Par) Value or Amount The amount of a bond, note, mortgage, or other security as stated in the instrument itself, exclusive of interest

or dividend accumulations. The nominal amount may or may not coincide with the price at which the instrument was first sold, its present market value, or its redemption price. Often referred to as the stated value.

Noncampus Building or Property Any building or property owned or controlled by a student organization that is officially recognized by the institution; or any building or property owned or controlled by an institution that is used in direct support of, or in relation to, the institution’s educational purposes, is frequently used by students, and is not within the same reasonably contiguous geographic area of the institution.

Non-conformance (in financial reporting) A condition in which financial management systems do not substantially conform to financial systems requirements. Financial management systems include both financial and related (or mixed) systems.

Non-Material Weaknesses (in financial reporting) Control problems that can be corrected at the Principal Office level without the approval or attention of the next higher level of management.

Nonprofit Institution (Domestic) An institution that

- ♦ is owned and operated by one or more non-profit corporations or associations, no part of the net earnings of which benefits any private shareholder or individual;
- ♦ is legally authorized to operate as a nonprofit organization by each State in which it is physically located; and
- ♦ is determined by the U.S. Internal Revenue Service to be an organization to which contributions are tax-deductible in accordance with section 501(c)(3) of the Internal Revenue Code.

Nonprofit Institution (Foreign) An institution that is owned and operated only by one or more nonprofit corporations or associations; and

- ♦ if a recognized tax authority of the institution’s home country is recognized by the Department for purposes of making determinations of an institution’s nonprofit status

for title IV purposes, is determined by that tax authority to be a nonprofit educational institution; or

- ◆ if no recognized tax authority of the institution's home country is recognized by the Department for purposes of making determinations of an institution's nonprofit status for title IV purposes, the foreign institution demonstrates to the satisfaction of the Department that it is a nonprofit educational institution; or
- ◆ is determined by the U.S. Internal Revenue Service to be an organization to which contributions are tax-deductible in accordance with section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3)).

Nonprofit Organization An organization owned and operated by one or more nonprofit corporations or associations where no part of the organization's net earnings benefits, or may lawfully benefit, any private shareholder or entity. An organization may show that it is nonprofit by meeting the provisions of § 75.51 of the Education Department General Administrative Regulations (EDGAR), 34 CFR 75.51.

Normal Time The amount of time necessary for a student to complete all requirements for a degree or certificate according to the institution's catalog. This is typically four years for a bachelor's degree in a standard term-based institution, two years for an associate degree in a standard term-based institution, and the various scheduled times for certificate programs.

Notice Notification about the availability of information an institution is required to disclose and provide to an individual on a one-to-one basis through an appropriate mailing or publication, including direct mailing through the U.S. Postal Service, campus mail, or electronic mail. Posting on an Internet website or an Intranet website does not constitute a notice.

Nurse A licensed practical nurse, a registered nurse, or other individual who is licensed by the appropriate State agency to provide nursing services.

O

Obligated Balances The net amount of obligations in a given account for which payment has not yet been made.

Obligation Binding agreements that will result in outlays immediately or in the future.

Obligations Amounts of orders placed, contracts awarded, services received, and other transactions occurring during a given period that would require payments during the same or a future period.

Office of the General Counsel (OGC) An office within the Department of Education. OGC provides legal services to all units within of the Department.

Office of the Inspector General (OIG) An office within the Department of Education. The mission of the OIG is to promote the efficient and effective use of taxpayer dollars in support of American education by providing independent and objective assistance in assuring continuous improvement in program delivery, effectiveness, and integrity. Within the office, *Investigation Services (IS)* is responsible for all investigative activities relating to the Department's programs and operations and the prevention and detection of fraud and abuse in these programs and operations.

Official Cohort Default Rate The official cohort is the cohort default rate the Department publishes for an institution under 34 CFR 668.186. Cohort default rates calculated for the FFEL and Direct Loan programs are not related in any way to cohort default rates that are calculated for the Federal Perkins Loan Program.

Official Reporting Date The date on which an institution must report fall enrollment data to either the state, its board of trustees or governing board, or some other external governing body.

On-Campus Student Housing Facility A dormitory or other residential facility for students that is located on an institution's campus, as defined in § 668.46(a).

On-Time Payment A federal student loan payment made within 15 days of the scheduled due date.

One-Academic-Year Training Program An educational program that is at one academic year in length as defined under 34 CFR 668.2.

One-Third of an Academic Year A period that is one-third of an academic year as determined by an institution. At a minimum, one-third of an academic year must be a period that begins on the first day of classes and ends on the last day of classes or examinations and is a minimum of 10 weeks of instructional time during which, for an undergraduate educational program, a full-time student is expected to complete at least eight semester or trimester hours or 12 quarter hours in an educational program whose length is measured in credit hours or 300 clock hours in an educational program whose length is measured in clock hours.

For an institution whose academic year has been reduced under § 668.3, one-third of an academic year is the pro-rated equivalent, as measured in weeks and credit or clock hours, of at least one-third of the institution's academic year.

Origination The act of creating a Direct Loan.

Origination Fee The amount a borrower is required to pay the Department to help defray the costs of subsidizing a Direct Loan.

Other Information Standard in Auditor's Report Information other than the audited financial statements and the related auditor's report, included in a company's annual report. The other information standard requires an auditor to focus on the responsibility to identify material inconsistencies between the other information and the company's audited financial statements and on the identification of material misstatements of fact, based on relevant evidence obtained and conclusions reached during the audit.

Outlay The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate an obligation.

Output Document The Student Aid Report (SAR), Electronic Student Aid Report (ESAR), or other document or automated data generated by the Department of Education's central processing system or Multiple Data Entry processing system as the result of the processing of data provided in a Free Application for Federal Student Aid (FAFSA).

Ownership Interest The possession of substantially all of the benefits and risks incident to ownership.

P

Parent A student's biological or adoptive mother or father or the student's stepparent, if the biological parent or adoptive mother or father has remarried at the time of application.

Participating Institution An eligible institution that meets the standards for participation in federal student aid programs in subpart B and has a current program participation agreement with the Department.

Pastoral Counselor A person who is associated with a religious order or denomination, is recognized by that religious order or denomination as someone who provides confidential counseling, and is functioning within the scope of that recognition as a pastoral counselor.

Payment Data An electronic record that is provided to the Department by an institution showing student disbursement information.

Payment Methods The methods through which the Department provides funds to schools, including the advance payment method, the reimbursement payment method, and the cash monitoring payment methods.

Payment Period The academic period or period of enrollment established by an institution for which financial aid is disbursed. Payments for all federal student aid programs except FWS must be made on a payment period basis.

Payoff Amount The total required to pay off a loan. It includes the loan principal, capitalized interest, accrued interest, late charges, and other charges, fees, and costs allowed by the applicable regulations.

Payoff Date The date on which a loan payoff calculation is based.

Peer Review A monitoring program in which the audit documentation of one CPA firm is periodically reviewed by independent partners of other firms to determine that it conforms to the standards of the profession.

Pell Grant Payment and Disbursement Schedule (Pell Disbursement or Payment Schedule) A table showing the annual awards that three-quarter, half-time, and less-than-half-time students at term-based institutions using credit hours would receive for an academic year in the Pell Grant Program. This table is published annually by the Department and is based on

- ◆ a student's expected family contribution (EFC), as determined in accordance with title IV, part F of the HEA;
- ◆ a student's attendance costs as defined in title IV, part F of the HEA; and
- ◆ the amount of funds available for making Federal Pell Grants.

Period of Enrollment The period for which a federal education loan is intended. The period of enrollment must coincide with a period established by the school for which institutional charges are generally assessed (e.g., semester, trimester, quarter, length of the student's program or academic year). The period of enrollment is also referred to as the loan period.

Plain Language Disclosure (PLD) Document that summarizes the information contained in the Borrower's Rights and Responsibilities Statement. A PLD is provided to students (and parents borrowing on behalf of students) who attend schools that use the multiyear feature of the MPN. Since borrowers at these schools don't sign a new promissory note for each loan, a PLD is forwarded with each disclosure statement to remind Direct Loan borrowers of their rights and responsibilities.

Positive Assurance A statement as to what the CPA believes. An example is an opinion that the financial statements are presented fairly in conformity with U.S. GAAP. The opposite is negative assurance.

Post-Baccalaureate or Equivalent Medical Program A program offered by a foreign graduate medical school that requires, as a condition of admission, that its students have already completed their non-medical undergraduate studies and that consists solely of courses and training leading to employment as a doctor of medicine or doctor of osteopathic medicine.

Post-Baccalaureate Program (in the TEACH Program) A program of instruction for individuals who have completed a baccalaureate degree, that

- ◆ does not lead to a graduate degree;
- ◆ consists of courses required by a state in order for a student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that state, except that it does not include any program of instruction offered by a TEACH Grant-eligible institution that offers a baccalaureate degree in education; and
- ◆ is treated as an undergraduate program of study for the purposes of federal student aid.

Post-Deferment Grace Period That period of six consecutive months which immediately follows the end of certain periods of deferment and precedes the date on which the borrower is required to resume repayment on a loan.

Posting Recording an entry in an account in the general ledger or in a subsidiary ledger.

Postsecondary Vocational Institution A public or private nonprofit educational institution that

- ◆ is in a state;
- ◆ admits as regular students only persons who
 - a) have a high school diploma;
 - b) have the recognized equivalent of a high school diploma; or
 - c) are beyond the age of compulsory school attendance in the state in which the institution is physically located;

- ♦ is legally authorized to provide an educational program beyond secondary education in the state in which the institution is physically located
- ♦ provides an eligible program of training, as defined in 34 CFR 668.8, to prepare students for gainful employment in a recognized occupation; and may provide a comprehensive transition and postsecondary program for students with intellectual disabilities;
- ♦ is accredited or preaccredited; or approved by a state agency listed in the Federal Register if the institution is a public postsecondary vocational educational institution that seeks to participate only in Federal assistance programs; and
- ♦ has been in existence for at least two years.

Poverty Guideline The income categorized by state and family size in the poverty guidelines published annually by the United States Department of Health and Human Services pursuant to 42 U.S.C. 9902(2).

Preaccredited A status that a nationally recognized accrediting agency, recognized by the Department to grant that status, has accorded an unaccredited public or private nonprofit institution that is progressing toward accreditation within a reasonable period of time.

Preferred Lender Arrangement An arrangement or agreement between a lender and a covered institution or an institution-affiliated organization of such covered institution under which a lender provides or otherwise issues education loans to the students attending such covered institution or the families of such students; and that relates to such covered institution or such institution-affiliated organization recommending, promoting, or endorsing the education loan products of the lender.

Prepayment A loan payment made before it is due under the terms of the applicable promissory note.

Preventive Controls Preventive controls deter risks from being realized. Examples of preventive controls are documentation, approvals, authorizations, access controls, and file security.

Primary Confirmation A process by which the Department, by means of a matching program conducted with the Department of Homeland Security (DHS), compares the information contained in a Application for Federal Student Aid or a multiple data entry application regarding the immigration status of a noncitizen applicant for federal student aid with records of that status maintained by the DHS in its Alien Status Verification Index (ASVI) system for the purpose of determining whether a student's immigration status meets the requirements of 34 CFR 668.33(a)(2) and reports the results of this comparison on an output document.

Principal The loan amount borrowed plus any capitalized interest.

Principal Balance The principal that remains unpaid on a loan.

Private Education Loan A loan provided by a private educational lender that is not a federal student aid loan and that is issued expressly for postsecondary education expenses to a borrower, regardless of whether the loan is provided through the educational institution that the student attends or directly to the borrower from the private educational lender.

Proceeds The amount received from a loan or realized from a financial transaction.

Professional Counselor A person whose official responsibilities include providing mental health counseling to members of the institution's community and who is functioning within the scope of his or her license or certification.

Professional Degree A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required. Examples of a professional degree include but are not limited to Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), and Theology (M.Div., or M.H.L.).

Program Offered in Modules A program is “offered in modules when a course or courses in the program does not span the entire length of the payment period or period of enrollment.

Program Participation Agreement (PPA) The agreement between the Department of Education and a school that affirms the school has been approved to participate in the federal student aid programs. A program participation agreement conditions the initial and continued participation of an eligible institution in any federal student aid program on compliance with the all applicable regulations, and any additional conditions specified in the program participation agreement that the Department requires the institution to meet. An institution’s program participation agreement applies to each branch campus and other location of the institution that meets the applicable requirements of this part unless otherwise specified by the Department.

Program Records A school’s application for federal student aid funds and other records that document

- ◆ a school’s eligibility to participate in the federal student aid programs;
- ◆ the eligibility of a school’s educational programs for federal student aid program funds;
- ◆ the school’s administration of the federal student aid programs in accordance with all applicable requirements;
- ◆ the school’s financial responsibility;
- ◆ all information included in any application for federal student aid program funds made by the school; and
- ◆ the school’s disbursement and delivery of federal student aid program funds.

Promissory Note A legally binding contract between a lender and a borrower that contains the terms and conditions of the loan, including how the loan is to be repaid. It becomes legally binding when signed (executed) by the borrower. Most federal education loans are made under a Master Promissory Note (MPN).

Proof of Cash A reconciliation of the general ledger cash balance at both the beginning and end of a period, combined with a reconciliation of cash deposited for the period with the cash receipts journal, and a reconciliation of checks for the period with the cash disbursements journal.

Proprietary Institution of Higher Education An educational institution that

- ◆ is not a public or private nonprofit educational institution;
- ◆ is in a state;
- ◆ admits as regular students only persons who have
 - a) a high school diploma;
 - b) the recognized equivalent of a high school diploma; or
 - c) are beyond the age of compulsory school attendance in the state in which the institution is physically located;
- ◆ is legally authorized to provide an educational program beyond secondary education in the state in which the institution is physically located;
- ◆ provides an eligible program of training to prepare students for gainful employment in a recognized occupation; or
 - a) has provided a program leading to a baccalaureate degree in liberal arts, continuously since January 1, 2009; and
 - b) is accredited by a recognized regional accrediting agency or association, and has continuously held such accreditation since October 1, 2007, or earlier.
- ◆ may provide a comprehensive transition and postsecondary program for students with intellectual disabilities, as provided in 34 CFR part 668, subpart O;
- ◆ is accredited; and
- ◆ has been in existence for at least two years.

Prorate To assign or allocate on a logical basis.

Prospective Employee An individual who has contacted an eligible institution for the purpose of requesting information concerning employment with that institution.

Prospective Student An individual who has contacted an eligible institution requesting information concerning admission to that institution.

Public Property All public property, including thoroughfares, streets, sidewalks, and parking facilities, that is within the campus, or immediately adjacent to and accessible from the campus.

Q

Qualified Education Benefit A qualified tuition program (as in the Internal Revenue Code of 1986) or other prepaid tuition plan offered by a state; and a Coverdell education savings account (as defined in section 530(b)(1) of the Internal Revenue Code of 1986).

Qualified Opinion (Auditor's) Auditor's statement that, except for the effects of the matter to which a qualification relates, the financial statements fairly present financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. (also see, *Unqualified Opinion*.)

Qualified Professional Provider of Early Intervention Services A provider of services as defined in section 632 of the Individuals with Disabilities Education Act (IDEA).

Qualifying National Guard Duty Service as a member of the National Guard on full-time National Guard duty under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days in connection with a war, other military operation, or a national emergency declared by the President and supported by federal funds.

R

Ratio The relation between two quantities expressed as the quotient of one divided by the other. The ratio of 8 to 2 is written $8/2$ and equals 4. Financial statement ratios are used as analytical procedures in audits.

Reasonable Assurance A judgment based upon all available information that the systems of internal controls are operating in accordance with Federal Managers Financial Integrity Act of 1982 (FMFIA).

Receiving Entity An entity to which functions are transferred.

Recipient of Title IV Grant or Loan Assistance A student for whom the requirements of 34 CFR 668.164(g)(2) have been met.

Recognize (a financial transaction) Formally recording or incorporating an item into the financial statements of an entity as an asset, liability, revenue, expense, or the like. Recognition includes determining the amount, timing, classification, and other conditions precedent to the acceptance and entry of a transaction. Recognition includes both initial recognition of an item and recognition of subsequent changes in or removal of a previously recognized item.

Recognized Equivalent of a High School Diploma The following are the equivalent of a high school diploma

- ◆ a General Education Development Certificate (GED);
- ◆ a state certificate received by a student after the student has passed a state-authorized examination that the state recognizes as the equivalent of a high school diploma;
- ◆ an academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree; or
- ◆ for a person who is seeking enrollment in an educational program that leads to at least an associate degree or its equivalent and who has not completed high school but who

excelled academically in high school, documentation that the student excelled academically in high school and has met the formalized, written policies of the institution for admitting such students.

Recognized Occupation An occupation that is

- ◆ identified by a Standard Occupational Classification (SOC) code established by the Office of Management and Budget or an Occupational Information Network O*NET-SOC code established by the Department of Labor and available at <http://online.onetcenter.org> or its successor site; or
- ◆ determined by the Department of Education in consultation with the Department of Labor to be a recognized occupation.

Reconciliation A process in which financial records are compared and discrepancies resolved. Monthly reconciliation is required in most federal student aid programs.

Reconciliation (in the Direct Loan Program) Required monthly comparison the funds schools have received (from the G5 system to pay its students) with the actual disbursement records submitted to the Common Origination and Disbursement (COD) system. Schools are also required to complete a final reconciliation of their Direct Loan accounts (year-end closeout).

Record (v.) To give expression to a transaction on (or in) the books of account; to enter.

Recourse The rights of a holder in due course of a financial instrument (such as a loan) to force the endorser on the instrument to meet his or her legal obligations for making good the payment of the instrument if dishonored by the maker or acceptor.

Refund Reserve Standard One of the standards that a school must satisfy to be considered financially responsible is that it must have sufficient cash reserves to return federal student aid funds when a student withdraws.

Regular Student A person who is enrolled or accepted for enrollment in an eligible program at an eligible institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution. A school must document that an aid recipient is a regular student.

Related Parties Those with whom the client has a relationship that might destroy the self-interest of one of the parties (accounting is based on measurement of arm's length transactions). Related parties include affiliates of the client, principle owners, management (decision makers who control business policy), and members of their immediate families.

Religious Institution A school that is owned, controlled, operated, and maintained by a religious organization lawfully operating as a nonprofit religious corporation; and awards only religious degrees or certificates including, but not limited to, a certificate of Talmudic studies, an associate of Biblical studies, a bachelor of religious studies, a master of divinity, or a doctor of divinity.

Repayment Period The time during which a borrower is obligated to make payments on a loan according to the terms and conditions of the loan's promissory note and the repayment plan the borrower chooses. For Direct Subsidized Loans and Direct Unsubsidized Loans, repayment begins the day after the grace period ends. For Direct PLUS Loans, repayment begins the day after the loan is fully disbursed.

Repayment Plan An arrangement made to repay a loan or other financial obligation. Repayment plans vary substantially among federal education loans. See Direct Loan Repayment Plan.

Reportable Condition (financial reporting) A control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements, or other significant financial reports, that is more than inconsequential will not be prevented or detected.

Reportable Condition (overall) A control deficiency or combination of control deficiencies that should be communicated because they represent significant weaknesses or deficiencies in the design or operation of internal control that could adversely affect the organization's ability to meet its internal control objectives.

Retiree (in the TEACH Program) An individual who has decided to change his or her occupation for any reason and who has expertise, as determined by the institution, in a high-need field.

Revenue Adjustment A contra revenue account that is used to report reduction in revenue when realization is not probable (less likely than not).

Revolving Fund A fund consisting of permanent appropriation and expenditures of collections, that are earmarked to finance a continuing cycle of business-type operations. A school's Perkins Loan fund is a revolving fund.

Risk The possibility of an act or event occurring that would have an adverse effect on the organization and its information systems.

Risk Assessment A prioritization of potential business disruptions based on severity and likelihood of occurrence. The risk assessment includes an analysis of threats based on the impact to the institution, its customers, and financial markets, rather than the nature of the threat.

S

Satisfactory Repayment Arrangement For purposes of regaining eligibility for federal student aid funds, the agreement of an individual or borrower to make a predetermined number of on-time, voluntary monthly payments on a defaulted loan, or an overpayment of federal student aid. For the purpose of consolidating a defaulted loan, the making of three consecutive, voluntary, on-time, full monthly payments on a defaulted loan. The required monthly payment amount may not be more than is reasonable and affordable based on the borrower's total financial circumstances. A borrower may only obtain the benefit of this paragraph with respect to renewed eligibility once.

Scheduled Award (in the TEACH Program) The maximum amount of a TEACH Grant that a full-time student could receive for a year.

Scheduled Federal Pell Grant Award (Scheduled Award) The amount of a Federal Pell Grant which would be paid to a full-time student for a full academic year.

School Serving Low-Income Students (low-income school) (in the TEACH Program) An elementary or secondary school that

- ♦ is in the school district of a local education agency (LEA) that is eligible for assistance pursuant to title I of the Elementary and Secondary Education Act (ESEA);
- ♦ has been determined by the Department to be a school in which more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under title I of the ESEA; and
- ♦ is listed in the Department's Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits. The Department considers all elementary and secondary schools operated by the Bureau of Indian Education (BIE) in the Department of the Interior or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE to qualify as schools serving low-income students.

Secondary Confirmation A process by which the U.S. Citizenship and Immigration Services (USCIS) in response to the submission of USCIS Document Verification Form G-845 by an institution, searches pertinent paper and automated USCIS files for the purpose of determining a student's immigration status and the validity of the submitted USCIS documents, and reports the results of this search to the institution.

Secondary School A school that provides secondary education, as determined by (a) state law; or (b) the Department, if the school is not in a state. However, state laws notwithstanding, secondary education does not include any education beyond grade 12.

Segregation or Separation of Duties or Function The separation of duties among different people or teams to reduce risk of error or inappropriate action. For example, the responsibilities for authorizing transactions (approval), recording transactions (accounting), and handling the related asset (custody) should be divided. Separation of duties is a preventive control.

Show-Cause Official The designated Department official authorized to conduct a show-cause proceeding for an emergency action under 34 CFR 668.83.

Significant Risk An identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration.

Single Year (SY) Feature The option that allows schools or borrowers not to use the Multi-Year Feature of the Master Promissory Note. If a school or borrower chooses to use this feature, a new promissory note must be signed each academic year.

Special Combat Pay Pay received by a member of the Armed Forces because of exposure to a hazardous situation.

Special Journals Journals other than the general journal. Special or specialized journals include the cash receipts journal, the cash disbursements journal, the purchases journal, and the sales journal.

Specified year The calendar year preceding the first calendar year of an award year, i.e., the base year; or the year preceding the base year.

Speech Language Pathologist with a Master’s Degree An individual who evaluates or treats disorders that affect a person’s speech, language, cognition, voice, swallowing and the rehabilitative or corrective treatment of physical or cognitive deficits or disorders resulting in difficulty with communication, swallowing, or both and has obtained a postgraduate academic degree awarded after the completion of an academic program of up to six years in duration, excluding a doctorate or professional degree.

State A State of the Union, American Samoa, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the

Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. The latter three are also known as the Freely Associated States. An institution is physically located in a state if it has a campus or other instructional site in that state.

State Education Agency The State board of education; or an agency or official designated by the Governor or by State law as being primarily responsible for the State supervision of public elementary and secondary schools.

Statement of Financial Position One of the main financial statements of a nonprofit organization. This financial statement reports the amounts of assets, liabilities, and net assets as of a specified date. This financial statement is similar to the balance sheet issued by a company.

Student Aid Application An application approved by the Department and submitted by a person to have his or her EFC determined under the Federal Pell Grant, ACG, National SMART Grant, Federal Perkins Loan, FWS, FSEOG, Federal Stafford Loan, or William D. Ford Federal Direct Loan programs. See *Free Application for Federal Student Aid*.

Student Aid Report (SAR) A report provided to an applicant by the Department showing the applicant’s FAFSA information and the amount of his or her EFC. SARs are the paper or electronic (eSAR) output documents that are sent to students or printed from the FAFSA on the Web and FAA Access to CPS Online Web sites. SARs and ISIRs contain the same processed student information in different formats.

Student Loan Interest Statement (1098-E) Documentation of interest paid on a federal education loan provided by a financial institution, loan servicer, or school to the borrower.

Student Services Services that are offered to students that may include, but are not limited to, financial aid, library, peer guidance counseling, job placement, assisting an instructor with curriculum-related activities, security, and social, health, and tutorial services. Student services do not have to be direct or involve personal interaction with students. For purposes of this definition, facility maintenance, cleaning, purchasing, and public relations are never considered student services.

Student with an Intellectual Disability A student

- ◆ with mental retardation or a cognitive impairment characterized by significant limitations in
 - a) intellectual and cognitive functioning; and
 - b) adaptive behavior as expressed in conceptual, social, and practical adaptive skills; and
- ◆ who is currently, or was formerly, eligible for special education and related services under the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. 1401), including a student who was determined eligible for special education or related services under the IDEA but was home-schooled or attended private school.

Subsidiary Accounts Accounts outside of the general ledger which provide the detail for the balance reported in a general ledger account. (The account in the general ledger is known as the control account.) The total of the subsidiary accounts or records must agree to the balance in the general ledger control account.

Subsidiary Ledger Record of the details to support a general ledger account. The general ledger account is often referred to as the control account. For example, the accounts receivable subsidiary ledger provides the details to support the balance in the general ledger control account Accounts Receivable.

Substantially Equal in Length Terms are substantially equal in length if no term in the program is more than two weeks of instructional time longer than any other term in that program.

Substantial Gainful Activity A level of work performed for pay or profit that involves doing significant physical or mental activities, or a combination of both.

Substantial Misrepresentation Any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment.

Suspension (of participation) The removal of a school's or third-party servicer's eligibility to participate in the federal student aid programs, for a specified period of time or until the school or servicer fulfills certain requirements.

T

T-account A visual aid used by accountants to illustrate a journal entry's effect on the general ledger accounts. Debit amounts are entered on the left side of the "T" and credit amounts are entered on the right side.

TEACH Grant See *Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*

TEACH Grant-Eligible Institution An eligible institution as defined in 34 CFR part 600, 34 CFR part 668, subpart L, or 34 CFR 668.175, and that also fulfills the requirements of 34 CFR 686.2.

TEACH Grant-Eligible Program An eligible program, as defined in 34 CFR 668.8, is a program of study that is designed to prepare an individual to teach as a highly-qualified teacher in a high-need field and leads to a baccalaureate or master's degree, or is a post-baccalaureate program of study. A two-year program of study that is acceptable for full credit toward a baccalaureate degree is considered to be a program of study that leads to a baccalaureate degree.

Teacher A teacher is a person who provides

- ◆ direct classroom teaching;
- ◆ classroom-type teaching in a non-classroom setting; or
- ◆ educational services to students directly related to classroom teaching such as school librarians or school guidance counselors.

A supervisor, administrator, researcher, or curriculum specialist is not a teacher unless he or she primarily provides direct and personal educational services to students.

Teacher (in the TEACH Program) A person who provides direct classroom teaching or classroom-type

teaching in a non-classroom setting, including special education teachers and reading specialists.

Teacher Education Assistance for College and Higher Education (TEACH) Grant Program A grant program authorized by Title IV of the HEA under which grants are awarded by an institution to students who are completing, or intend to complete, coursework to begin a career in teaching and who agree to serve for not less than four years as a full-time, highly-qualified teacher in a high-need field in a low-income school. If the recipient of a TEACH Grant does not complete four years of qualified teaching service within eight years of completing the course of study for which the TEACH Grant was received or otherwise fails to meet the requirements of 34 CFR 686.12, the amount of the TEACH Grant converts into a Federal Direct Unsubsidized Loan.

Teacher Preparation Program (in the TEACH Program) A state-approved course of study, the completion of which signifies that an enrollee has met all the state’s educational or training requirements for initial certification or licensure to teach in the state’s elementary or secondary schools. A teacher preparation program may be a regular program or an alternative route to certification, as defined by the state. For purposes of a TEACH Grant, the program must be provided by an institution of higher education.

Teaching in a Field of Expertise The majority of classes taught are in the borrower’s field of expertise.

Teach-Out Plan A written plan developed by an institution that provides for the equitable treatment of students if an institution, or an institutional location that provides 100 percent of at least one program, ceases to operate before all students have completed their program of study, and may include, if required by the institution’s accrediting agency, a teach-out agreement between institutions.

Telecommunications Course A course offered principally through the use of television, audio, or computer transmission, including open broadcast, closed circuit, cable, microwave, satellite, audio conferencing, computer conferencing, video cassettes,

or discs. The term “telecommunications” does not include a course that is delivered using video cassettes or disc recordings unless the institution also delivers comparable instruction offered on the cassettes or discs to students physically attending classes at the institution during the same award year. If the course offered in the manner described above does not qualify as a telecommunications course, it is considered to be a correspondence course.

Temporarily Totally Disabled The condition of an individual who, though not totally and permanently disabled, is unable to work and earn money or attend school, during a period of at least 60 days needed to recover from injury or illness. With regard to a disabled dependent of a borrower, this term means a spouse or other dependent who, during a period of injury or illness, requires continuous nursing or similar services for a period of at least 90 days.

Termination (of participation) The removal of a school’s or third-party servicer’s eligibility to participate in the federal student aid programs, for an indefinite period of time.

Testing (of controls) Verifying the effectiveness of controls in operation by determining if they are, in fact, operating as intended, meeting the control objectives, and reducing risks. Testing may take several forms including document analysis, transaction testing, observation, or interview.

Third-party Servicer Any individual, any State, or any private, for-profit or nonprofit organization which enters into a contract with

- ♦ any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs under this title; or
- ♦ any guaranty agency, or any eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency’s or lender’s student loan programs, including originating, guaranteeing, monitoring, processing, servicing, or collecting loans.

Three-Quarter Time Student An enrolled student who is carrying a three-quarter-time academic workload, as determined by the institution, that amounts to at least three quarters of the work of the applicable minimum requirement outlined in the definition of a full-time student.

Title I Children Children ages 5 through 17 who are counted under section 1124(c)(1) of the Elementary and Secondary Education Act of 1965, as amended.

Title IV or Federal Student Aid (FSA) Credit balance The balance that results when an institution disburses federal student aid funds by crediting a student's account and the total amount of all federal student aid funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student.

Title IV, HEA Program Financial aid programs for postsecondary students, authorized under Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA) and administered by the U.S. Department of Education and listed in 34 CFR 668.1(c). Also known as the federal student aid programs.

Totally and Permanent Disabled Condition of an individual who

- ♦ is unable to engage in substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death; has lasted for a continuous period of at least 60 months; or can be expected to last for a continuous period of at least 60 months; or
- ♦ has been determined by the Department of Veterans Affairs (VA) to be unemployable due to a service-connected disability.

Total and Permanent Disability Discharge Loan discharge granted to a borrower who meets the definition of totally and permanent disability.

Total Income Adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income.

Total Monthly Gross Income The gross amount of income received by a borrower from employment (either full-time or part-time) and from other sources.

It is used to determine the amount of the monthly payment a federal student aid loan borrower must make under certain repayment plans.

Trial Balance A statement of open debit and credit accounts in a ledger to test their equality. The total of the amounts in the debit column should equal the total of the amounts in the credit column.

Tribal College or University An institution that

- ♦ qualifies for funding under the Tribally Controlled Colleges and Universities Assistance Act of 1978 or the Navajo Community College Assistance Act of 1978; or
- ♦ is cited in section 532 of the Equity in Education Land Grant Status Act of 1994.

U

Unbooked Loan A Direct Loan that does not have an accepted actual disbursement and/or is not linked to an accepted Direct Loan Promissory.

Undergraduate Student A student who

- ♦ is enrolled in an undergraduate course of study that usually does not exceed four years, or is enrolled in a longer program designed to lead to a degree at the baccalaureate level. A student is only considered an undergraduate for purposes of the Federal Supplemental Educational Opportunity Grant (FSEOG) Program, the Federal Pell Grant Program, the Academic Competitiveness Grant (ACG) Program, National Science and Mathematics Access to Retain Talent (SMART) Grant Program, and TEACH Grant program if the student has not yet earned a baccalaureate or professional degree;
- ♦ has completed a baccalaureate program of study and who is subsequently completing a state-required teacher certification program;
- ♦ for purposes of dual degree programs that allow individuals to complete a bachelor's degree and either a graduate or professional degree within the same program, is in at least the first three years of that program; or

- ♦ is enrolled in a four to five year program designed to lead to an undergraduate degree. A student enrolled in a program of any other, longer length is considered an undergraduate student for only the first four years of that program.

U.S. Citizenship and Immigration Services (USCIS)

The federal agency that administers immigration and naturalization services within the United States. Formerly, the *Immigration and Naturalization Service (INS)*.

United States Code (USC) Codification by subject matter of the general and permanent laws of the United States. It is divided by broad subjects into 50 titles and published by the Office of the Law Revision Counsel of the U.S. House of Representatives.

Unqualified Opinion A “clean” auditor’s report. That is, the auditor has concluded the financial statements present fairly, in all material respects, financial position, results of operations, cash flows in conformity with generally accepted accounting principles.

Untaxed Income and Benefits The term “untaxed income and benefits” includes

- ♦ child support received;
- ♦ workman’s compensation;
- ♦ veteran’s benefits, such as death pension, dependency, and indemnity compensation, but excluding veterans’ education benefits;
- ♦ interest on tax-free bonds;
- ♦ housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);
- ♦ cash support or any money paid on the student’s behalf, except, for dependent students, funds provided by the student’s parents;
- ♦ untaxed portion of pensions;
- ♦ payments to individual retirement accounts and Keogh accounts excluded from income for federal income tax purposes; and

- ♦ any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, or railroad retirement benefits, or benefits received through participation in employment and training activities under Title I of the Workforce Investment Act of 1998

V

Valid Institutional Student Information Record (valid ISIR) An ISIR on which all the information reported on a student’s FAFSA is accurate and complete as of the date the application is signed.

Valid Student Aid Report (valid SAR) A SAR on which all of the information reported on a student’s FAFSA is accurate and complete as of the date the application is signed.

Variable Interest Rate An interest rate on a loan that fluctuates over the term of a loan on the basis of changes in an index that reflects changes in market rates.

Verification The process under which an applicant’s FAFSA information is selected by the Department or a school and determined to be accurate (true and complete within certain parameters) or inaccurate.

Veteran Any individual who

- ♦ has engaged in the active duty in the United States Army, Navy, Air Force, Marines, or Coast Guard (other than for training purposes); and
- ♦ was released under a condition other than dishonorable.

Veterans’ Education Benefits Benefits a student who is also a veteran will receive during the award year for service. Including, but not limited to

- ♦ Chapter 103 of title 10, USC (Senior Reserve Officers’ Training Corps).
- ♦ Chapter 106A of title 10, USC (Educational Assistance for Persons Enlisting for Active Duty).
- ♦ Chapter 1606 of title 10, USC (Selected Reserve Educational Assistance Program).

- ♦ Chapter 1607 of title 10, USC (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations).
- ♦ Chapter 30 of title 38, USC (All-Volunteer Force Educational Assistance Program, also known as the ‘Montgomery GI Bill—active duty’).
- ♦ Chapter 31 of title 38, USC (Training and Rehabilitation for Veterans with Service-Connected Disabilities).
- ♦ Chapter 32 of title 38, USC (Post-Vietnam Era Veterans’ Educational Assistance Program).
- ♦ Chapter 33 of title 38, USC (Post-9/11 Educational Assistance).
- ♦ Chapter 35 of title 38, USC (Survivors’ and Dependents’ Educational Assistance Program).
- ♦ Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program).
- ♦ the provisions of Chapter 3 of title 37, USC, related to subsistence allowances for members of the Reserve Officers Training Corps (ROTC).

Voluntary Payments Payments made directly by a borrower or a student who owes a federal student aid debt and that do not include payments obtained by federal offset, garnishment, or income or asset execution.

W

Weakness (in controls) An organization’s inability to fulfill a responsibility or fully realize the benefit of a control. Weaknesses may be identified internally through self-examination or by an external organization and stated as a recommendation. Depending on the severity, it may be reported to the next level of management. Each material weakness requires a corrective action plan. (see *Material Weakness*)

Work-College An eligible institution that

- ♦ is a public or private nonprofit, four-year, degree-granting institution with a commitment to community service;
- ♦ has operated a comprehensive work-learning-service program for at least two years;
- ♦ requires resident students, including at least one-half of all students who are enrolled on a full-time basis, to participate in a comprehensive work-learning-service program for at least five hours each week, or at least 80 hours during each period of enrollment, except summer school, unless the student is engaged in an institutionally organized or approved study abroad or externship program; and
- ♦ provides students participating in the comprehensive work-learning-service program with the opportunity to contribute to their education and to the welfare of the community as a whole.

Working Papers Written records kept by an auditor of procedures applied, tests performed, information obtained, and pertinent conclusions in the engagement.

Write-off An action to remove an amount from an entity’s assets. Costs incurred that have no future utility are charged (written-off) to an expense or loss account, not carried forward as an asset. A write-off of a loan occurs when an official determines, after all appropriate collection tools have been used, that no further collection activity is warranted. Active collection on an account ceases, and the account is removed from an entity’s receivables.