

Direct Loan Quality Assurance Policy and Procedures

Following published guidance by the Department of Education on November 13, 2013, Southern Crescent Technical College established this Direct Loan Quality Assurance Policy and Procedures Summary.

All policies and procedures concerning Title IV funding are designed with these Quality Assurance principles in mind, these include but are not limited to all financial aid policies in the student handbook, all policies in the internal Financial Aid Policy and Procedures manual. From the Department of Education:

Direct Loan Quality Assurance Requirement Overview

The Direct Loan Program regulations at 34 CFR 685.300(b) (9) require schools to implement and document a quality assurance process to ensure that they are complying with program requirements and meeting program objectives.

A school should have a quality assurance process in place that documents that the school is:

- Reporting loan records, disbursements, and adjustments to disbursements correctly to the Common Origination and Disbursement (COD) System
- Disbursing and returning loan funds in accordance with regulatory requirements
- Disbursing the correct loan amount to the correct student
- Completing monthly reconciliation and Program Year Closeout

To be effective, the steps for implementing a Direct Loan quality assurance process will be unique to each school and need to consider the characteristics of a school's academic policies and programs and its borrower population. Schools are encouraged to use self-assessments to examine their procedures and act on an ongoing BANNER to strengthen areas of risk.

Options for Meeting the Direct Loan Quality Assurance Requirement

The Department of Education (the Department) does not mandate the method by which schools meet the quality assurance requirement. Schools may have institutional-

designed assessments and quality assurance processes in place to ensure that the Direct Loan quality assurance requirement is met.

Source: <https://ifap.ed.gov/electronic-announcements/11-13-2013-direct-loans-subject-direct-loan-quality-assurance-requirement>

Reporting loan records, disbursements, and adjustments to disbursements correctly to the Common Origination and Disbursement (COD) System

Description of Process

The FINANCIAL AID OFFICE utilizes our Banner and EdConnect to originate all Federal Direct Loans. The BANNER generates a disbursement roster available to the FINANCIAL AID OFFICE, the Registrar, and the Director of Student Accounts. Using information managed by the Registrar the BANNER verifies enrollment of students on the list and then provides approval of disbursements to the Director of Student Accounts. The Director of Student Accounts draws down the funds, posts the credits to the student accounts, and refunds any excess payments within three days, meeting the Federal requirements to post the credits within three days and disburse refunds within 14 days. We exceed the requirement by completing the process within three days total.

Measurable Assessment

- Ensuring all loan records maintain “Acceptable” status within our BANNER until the end of the year closeout
- Responding in timely manner to COD School Monitoring Reports, COD 30 Day Warning Reports
- Comparing the COD Pending Disbursement Reports and Actual Disbursement Reports with the BANNER records

Disbursing and returning loan funds in accordance with regulatory requirements

Description of Process

For any student requesting FSA, before any loan is initiated, Southern Crescent Technical College requires an ISIR (from the FAFSA), a signed in-house loan request form (which specifies the loan amount the student is requesting), Entrance Counseling, and a signed Master Promissory Note. Any comment codes on the ISIR must be resolved. The FINANCIAL AID OFFICE independently verifies the aggregate loan limit in NSLDS for each student. If any of these items are not received or if any of these items are flagged by either our BANNER or COD, we do not initiate loans or disburse funds to the student.

Southern Crescent Technical College uses the advance payment method. Using the BANNER in consultation with the Registrar, the FINANCIAL AID OFFICE confirms that the student has met SAP and enrollment requirements. Once confirmed, the FINANCIAL AID OFFICE requests the disbursements using our BANNER which utilizes COD integration. Once the FINANCIAL AID OFFICE imports the approved and booked notification from COD into our BANNER, the Director of Student Accounts initiates the drawdown of funds in G5. Each step of the process is documented by our BANNER.

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Our BANNER identifies and notifies the Registrar and the FINANCIAL AID OFFICE of a student enrollment status change, thus indicating a potential change in their FSA funds. The student may also report such a change to the FINANCIAL AID OFFICE.

The FINANCIAL AID OFFICE notifies the Director of Student Accounts to return funds to the cash control account or to reduce a subsequent cash draw.

The FINANCIAL AID OFFICE and Director of Student Accounts, using the BANNER, accumulate this data.

All faculty and staff are required to use the BANNER to document student information including information regarding a student's FSA eligibility. The FINANCIAL AID OFFICE reviews student accounts on a routine basis. Additionally, the BANNER alerts the FINANCIAL AID OFFICE to any urgent issues regarding a student's FSA eligibility.

Measurable Assessment

- Ensuring all loan records maintain “Accepted” status within our BANNER until the end of the year closeout
- Monitoring the enrollment, SAP, and eligibility alerts within the BANNER and responding appropriately
- Responding in a timely manner to COD School Monitoring Reports, COD 30 Day Warning Reports
- Comparing the COD Pending Disbursement Reports and Actual Disbursement Reports with the BANNER records

Disbursing the correct loan amount to the correct student

Description of Process

The FINANCIAL AID OFFICE schedules disbursement dates for approved funds. The Director of Student Accounts uses those schedules to draw down funds. This occurs at least once per academic term.

Direct Loan funds are drawn down based upon the disbursement schedule and immediately applied to student accounts with refunds processed for any accounts with credit balances. Occasionally, as in the case of the CARES Act funding, other funding is requested and received through G5. In these rare instances, the FINANCIAL AID OFFICE verifies and requests these funds using the BANNER in separate and distinct batched disbursements. The Director of Student Accounts draws down the approved funds. The BANNER tracks the use of these funds separately from the funds used in the Direct Loan program.

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Completing monthly reconciliation and Program Year Closeout

Description of Process

The FINANCIAL AID OFFICE receives the SAS through our BANNER monthly and works with the Director of Student Accounts to create a monthly reconciliation document that shows a balance between our BANNER, COD, and G5.

Measurable Assessment

- Maintaining timely and accurate monthly reconciliation records
- Maintaining timely and accurate year-end closeout documentation.