



# NASFAA U Authorized Event Overview of Administrative Capability

National Association of Student  
Financial Aid Administrators

**Overview of  
Administrative Capability**

A NASFAA Authorized Event\*

Presented by  
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Professional Development and  
Institutional Compliance  
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\*For training purposes only; not for credential preparation. Slide 1 © 2019 NASFAA

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Top 10 Audit Findings

- 1 • Inaccurate/Untimely NSLDS Enrollment Reporting
- 2 • Repeat Finding--Failure to Take Corrective Action
- 3 • R2T4 Calculation Errors
- 4 • R2T4 Late Calculations
- 5 • Verification Violations

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Top 10 Audit Findings

- 6 • Student Credit Balance Deficiencies
- 7 • Qualified Auditor's Opinion Cited in Audit (Deficiencies/Concerns)
- 8 • Federal Pell Grant Overpayments/Underpayments
- 9 • Entrance/Exit Counseling Deficiencies
- 10 • Untimely/Incorrectly Reported G5 Expenditures

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# NASFAA U Authorized Event Overview of Administrative Capability

**Top 10 Program Review Findings**

- 1 • Inaccurate/Untimely NSLDS Enrollment Reporting
- 2 • Crime Awareness Requirements Not Met
- 3 • R2T4 Calculation Errors
- 4 • Drug Abuse Prevention Program Requirements Not Met
- 5 • Student Credit Balance Deficiencies

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**Top 10 Program Review Findings**

- 6 • Consumer Information Requirements Not Met
- 7 • Verification Violations
- 8 • Entrance/Exit Counseling Deficiencies
- 9 • Inaccurate Recordkeeping
- 10 • SAP Policy Not Adequately Developed/Monitored

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**Agenda**

- Adequate Resources
- Automation and Electronic Processes
- Privacy and Security Safeguards
- Conflicting Information
- Consumer Information
- Separation of Functions
- Other Requirements
- General Evidence of Administrative Capability

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# NASFAA U Authorized Event Overview of Administrative Capability

## Adequate Resources: Designating a Capable Individual



- President or Chief Executive Officer (CEO) must designate a capable individual for:
  - Administration of Title IV programs
  - Coordination with school's other student financial aid programs



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## Adequate Resources: Sufficient Number of Qualified Staff



- President or CEO ensures:
  - Adequate number of qualified staff
  - Sufficient to administer the school's Title IV programs
- Staff trained in compliance
  - Staff meetings and periodic training to keep up-to-date
  - Comprehensive policies and procedures accessible to all staff



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## Adequate Resources: Providing Financial Aid Counseling



- Adequate financial aid counseling for enrolled and prospective students:
  - Sources and amounts of aid
  - Methods of:
    - Determination
    - Disbursement
    - Payment
  - Rights and responsibilities



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# NASFAA U Authorized Event Overview of Administrative Capability

## Automation and Electronic Processes



- Maintain effective level of automation
- Participate in all ED-required electronic processes
- Have adequate staff to:
  - Maintain technological expertise
  - Perform day-to-day duties and electronic processes



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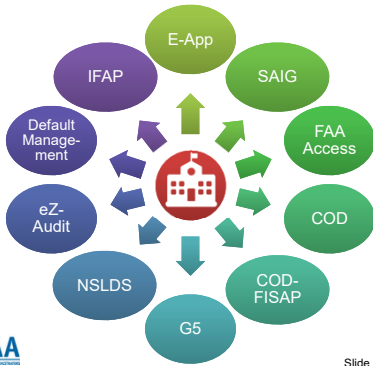
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## Automation and Electronic Processes



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## Electronic Communications



- E-Sign Act allows:
  - Electronic signatures and records, unless statute or regulation requires otherwise
  - Electronic record maintenance
- Schools using electronic processes must adopt reasonable safeguards:
  - Against fraud and abuse
  - Protect private information



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# NASFAA U Authorized Event Overview of Administrative Capability

### Privacy and Security Safeguards

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### Identity Theft

- Postsecondary institutions are required to develop and implement a written Identity Theft Prevention Program
  - Protects, prevents, and responds to patterns, practices, or specific activities that may indicate identity theft

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### Information Sharing

- Communication of required information:
  - Student eligibility criteria are met
  - Proper and effective packaging of various types of financial aid
  - Correct packaging of need-based and non-need-based aid
  - Conflicting information is detected and resolved

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# NASFAA U Authorized Event Overview of Administrative Capability

## Conflicting Information

- Citizenship status
- Social Security Number
- Default or overpayment status
- Drug convictions
- Enrollment and academic status
- Other student assistance
- Cost of attendance information

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## Resolution of Conflicting Information



- Conflicting information cannot be ignored unless student:
  - Dies
  - Is no longer enrolled at the school when it learns of the conflict and all Title IV aid was already disbursed
- If school should have resolved conflict while still enrolled, school may be liable for overpayments



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## Data That Are Not Conflicting Information

- A roster of outside scholarship candidates, as opposed to list of recipients
- Privacy protected information (professional counselor, doctor, etc.)
- CPS assumptions, as long as no reason to believe they are incorrect
- FAFSA filed using estimated income
- Expired, but DHS confirmed eligible noncitizen documents
- Household size differing from tax return exemptions

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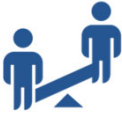
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# NASFAA U Authorized Event Overview of Administrative Capability

## Separation of Functions: Checks and Balances



- Authorizing/awarding Title IV aid must be separated from disbursing/delivering funds
  - No one office or individual may control both functions
  - Individuals must be organizationally independent
  - May not be family members
  - May not exercise substantial control over the institution



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## Separation of Functions: Integrated Electronic Systems



- ED allows computer systems that simultaneously authorize and disburse
- Computer system must:
  - Be programmed with safeguards and internal checks
  - Guard against cross-functional tampering



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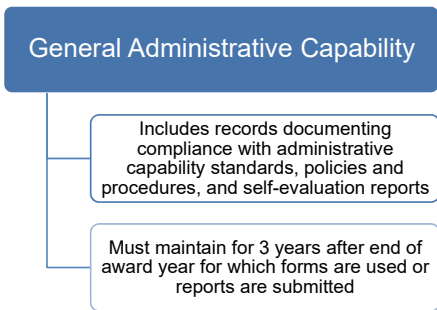
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## Recordkeeping and Retention



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# NASFAA U Authorized Event Overview of Administrative Capability

## Contingency Planning

- Security emergency
- System failures
- Natural disasters
- Funding freezes
- School closure due to inclement weather, strike, loss of accreditation, fraud or abuse, or bankruptcy



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## Satisfactory Academic Progress

General for All Students

“Same as or stricter than”

Evaluation Components

- Quantitative
- Qualitative
- Maximum timeframe

- Frequency of evaluation
- Appeals

Assessment



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## Cohort Default Rates

“administratively capable”

Federal Perkins Loans



CDR %

FFEL and Direct Loan (2 of 3 most recent fiscal years)



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# NASFAA U Authorized Event Overview of Administrative Capability

## General Evidence of Administrative Capability

- Under 668.16(j), administratively capable if:
  - No significant problems affecting ability to administer Title IV, as identified in reviews by:
    - ED or ED's Office of Inspector General (OIG)
    - Nationally recognized accrediting agencies
    - State agencies or officials legally authorizing school to provide postsecondary education
    - Any other law enforcement agency
  - No criminal, civil, or administrative proceeding findings



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## No Significant Evidence of Problems



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## Not Otherwise Lacking in Administrative Capability



- Adequate resources needed to ensure school:
  - Acts with level of competence and integrity as a fiduciary
  - Commits to highest level of ethical behavior
  - Refrains from conflicts of interest, or perceptions thereof
- ED evaluates operational and fiscal administration



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# NASFAA U Authorized Event Overview of Administrative Capability

## No Debarment or Suspension of Principals and Affiliates

- Under 668.16(k), administratively capable if institution's principals and affiliates are:
  - Not debarred or suspended
  - Not involved in any activity which may cause debarment or suspension



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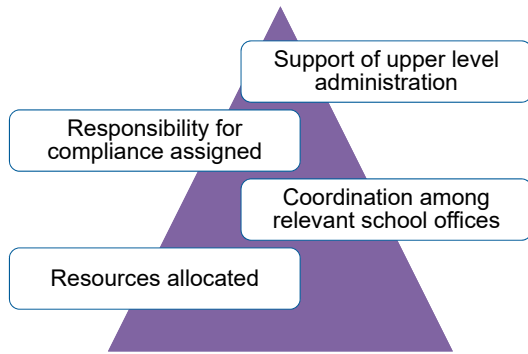
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## Assessing Institutional Involvement



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Do you think administrative capability is overregulated or not regulated enough?

What might be some good practices to ensure a college or university is administratively capable?

What are some safeguards your institution has put into place for electronic communications and institutional systems?



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