UNC Business Process Compliance

Financial Aid Standards

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Financial Aid Standards

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Summary Discussion

The Financial Aid Business Process Standards were established based on recommendations from a UNC Operational Assessment Study Report released in October 2008. The report recommended that basic uniform standards for the business processes at the constituent institutions be established and monitored, and that training be provided by the System Office.

The initial business processes for which uniform standards were built were determined by an oversight steering committee and directed by a project management office. As the standards were built, best practices were determined in consultation with subject matter experts. An advisory team made up of selected financial officers were gathered together to review and provide comment on the draft standards prior to their official release.

The Financial Aid Business Process Standards include the following topics: (I) Application, (II) Satisfactory Academic Progress, (III) Packaging, (IV) Scholarships, (V) Loans, and (VI) Return of Title IV and State Grant Funds, (VII) Reconciliation, and (VIII) General Management. The standards integrate internal controls to ensure compliance with state policies and federal regulations. In addition, implementation of these standards will help meet the University of North Carolina’s Strategic Plan (approved by the Board of Governors in January 2017) by improving the quality of service to our students and removing financial barriers that lead to an increase in access and success.

Topic I - Application

The Application process promotes communication with students requesting financial aid. The process includes financial aid counseling for applicants and maintaining information for students applying for federal, state, and institutional financial aid programs. Financial Aid Officers (AO) assist students with understanding the Free Application for Federal Student Aid (FAFSA) process using office visits, outreach programs and FAFSA Days. The AO also works with selected students to verify certain information on the FAFSA. The process is concluded when the FAFSA has been received in the FAO, and if necessary, all additionally requested supporting documentation has been received and reviewed.

Topic II - Satisfactory Academic Progress

The Satisfactory Academic Progress process ensures compliance with federal regulations. In accordance with federal regulations, each University’s Satisfactory Academic Progress (SAP) policies require a student to maintain qualitative (grade-based) and quantitative (time-based) measures of academic progress toward a degree. The Financial Aid Office (FAO) should coordinate the development of its SAP policy with the academic office responsible for maintaining the academic good standing policy. The same policy in place for federal aid also applies to State funding. Students who are not able to demonstrate their progress toward the completion of a degree must be ruled ineligible for Federal and State Student Aid. At least
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annually, schools must calculate SAP. Schools must have a published SAP policy that complies with federal regulations. The policy must be at least as strict as that for students who are not receiving federal student aid funds, and it must apply consistently to all educational programs and to all students within categories, e.g., full-time, part-time, undergraduate, and graduate students. If the institution allows appeals, the FAO is also responsible for publishing an appeals process for students who have not met SAP requirements.

Topic III - Packaging

The Packaging process assists students applying for financial aid with the preparation and distribution of federal, state, institutional and private funds. The process includes the determination of any available funds, as well as, awarding aid within the student’s cost of attendance. The Financial Aid Office (FAO) manually records specific financial aid funds that cannot be otherwise automatically calculated in Banner. Once these manual awards have been entered, an Aid Officer (AO) packages all other aid through the Pell calculation process, RPEPELL, and packaging process, RPEPCKG. The FAO communicates award information to students per federal regulations. If additional outside financial aid is later received for a student, the aid package must be assessed to determine the student’s eligibility for previously awarded aid. The process is concluded when students have received the award package or revision.

Topic IV - Scholarships

The Scholarships process serves as the business functions for administering institutional and outside scholarships. These awards must be entered in Banner for inclusion in the student’s financial aid award package. The University awards institutional scholarships to a student. The eligibility and awarding guidelines for these awards are established at the time the scholarship is given or granted to the University. The University is responsible for awarding these scholarships in accordance with the award guidelines. Outside scholarships are awarded to a specific student as determined by an agency outside of the University. The funds for these scholarships are maintained by the outside agency and are submitted to the University as payment against specified student accounts. These awards are recorded in the Financial Aid Office (FAO) and are included in the student’s aid package when the outside agency submits award notification or payment to the University.

Topic V - Loans

The Loans process serves as the business functions for processing loan applications, disbursing loan funds, handling cancelations and denials, monthly loan reconciliation, entrance and exit loan counseling and notifications of disbursement. Student applications for Federal loans are certified/originated and submitted along with the University’s student information to the Department of Education. This process area also provides guidance on the certification and prohibitions related to private loans.
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Topic VI - Return of Title IV and State Grant Funds
The Return of Title IV and State Grant Funds process serves as the business functions for returning funds due to a withdrawal. Students who withdraw from school, either officially or unofficially, may be required to return Federal Title IV Aid and/or State Grant Aid. If a student is required to repay these funds, the FAO is responsible for determining the amount of aid a student is required to repay. A school must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after it determines or should have determined that the student withdrew. This process area also provides guidance for Return of Title IV for students enrolled in modules.

Topic VII - Reconciliation
The Reconciliation process assists Financial Aid Offices (FAO) in developing monthly reconciliation procedures for all aid, including outside and institutional scholarships, state funds and federal funds. A school that participates in Direct Loans, Pell Grants and TEACH Grants is required to reconcile the funds that it has received (from the G5 system) to the Banner system, and the disbursement records sent to the Common Origination and Disbursement (COD) system. Similar procedures should be in place when reconciling state aid and scholarships. Reconciliation takes place on a monthly basis, with a final reconciliation occurring after the award year ends.

Topic VIII - General Management
The General Management process serves the business functions of the financial aid process as a whole. These guidelines are designed to promote efficiency and effectiveness within the Financial Aid Office (FAO). Access to the financial aid department is critical for those students seeking aid. The FAO maintains an open-door policy to all students interested in financial aid by posting office hours. AOs should also be available to meet confidentially with students to discuss financial aid questions. Roles and responsibilities are defined in the FAO, and positions are cross-trained to mitigate an absence or separation. Employees are responsible for understanding the policies and procedures of the FAO and should evidence their understanding by signing a code of ethics and a statement of confidentiality. The FAO should require employees to complete training on all current job and Banner functions. The FAO should also require employees to perform on the job cross training for duties performed within the office. Banner should be utilized whenever possible. A campus’ Data Standards Committee should be used to establish Banner standards. Reviews performed in the FAO should be appropriately evidenced. Two employees should review any special circumstances requiring professional judgment. Federal and state program and fiscal reports should also be maintained by the FAO.
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Topic IX – Emergency Declarations
The Emergency Declarations section is intended to create awareness of federal regulations and flexibilities that impact administrating Title IV aid.

Baseline Standards

Topic I – Application

1. Communication: The FAO should maintain a website with general financial aid information. The FAO may utilize a secure phone number that requires security verification before information should be discussed with students. If a specialized verification phone system is not in place, the FAO must follow Family Education Rights & Privacy Act (FERPA) guidelines when speaking to students and/or parents. These guidelines also apply to email when corresponding with a student using an email address other than the school’s official email. Additional policies addressing FAO accessibility are outlined in General Management paragraph 1.

2. Priority Filing Date: For undergraduate students, the FAO publishes a FAFSA priority filing date. All applications, complete without any outstanding issues, received prior to this date should be considered for aid before other applicants. Applications received after this date should be reviewed as received.

   a. The FAO should inform prospective applicants that with the limited amount of aid available, those applying after the priority date may have less aid available. Incentives such as first choice of Federal Work Study (FWS) jobs and consideration for limited aid are offered to students who apply within the priority application deadline. All deadlines and incentives are communicated to potential FAFSA applicants through the FAO webpage and literature sent to students accepted into the University.

3. FAFSA dataload: An AO downloads FAFSAs sent to the University by the Central Processing System (CPS). Applications not matching a general person record in Banner are stored in a “suspense” file or are used to create a new record for recruiting purposes. A written communication should be sent to the student if further documentation is needed to finalize the aid application.

   a. Policies and procedures related to suspense file maintenance are documented and stored with access available as needed by AOs. Access to suspense processing on RCRSUSP should be limited.
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b. Common matching rules are used in Banner to detect potential duplicate records before they are established. Baseline standards for common matching are listed in the appendix. (Appendix Topic I – A.)

c. The discrepancy report from the Institutional Student Information Record (ISIR) data load must be reviewed to determine if changes from new transactions result in conflicting information. The FAO must have policies and procedures on how to resolve conflicting data.

d. Banner should be configured to identify C flags on a student’s application. RORPOST should be built to include all C flags published in the SAR Comment Code and Text Guide. Once built on RORPOST, documents to resolve the C flag can be batch posted to the tracking requirements form, RRAAREQ.

4. Verification: Schools must complete applicant verification per federal regulation guidelines.

a. Appropriate training must take place prior to any employee handling the verification process.

b. Banner rules are in place to automatically identify students selected for verification. Once identified those students should be segregated into unique tracking groups to prevent further processing until the verification process is complete.

c. Verification of a student’s file should occur no later than five business days with normal volume or fifteen business days during peak times after the file has been completed and marked "ready for review." Each school must provide verification deadline dates to students. If the file is reviewed and additional information is requested, the file must be reviewed again within three weeks after the additional documentation has been received.

a. Applicants submit the requested documentation to an AO who verifies that the FAFSA information is correct. If discrepancies still exist, the AO works with the applicant to obtain the documentation. When all information is received, verification should be performed in Banner or directly on the FAFSA via FAA Access on the Web.

b. If corrections have been made in Banner during the verification process, a correction file must be created and sent to the CPS for processing. The CPS should then return a file that must be uploaded into Banner. If corrections are made via the web, the new transactions must be uploaded into Banner once received from the CPS.
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c. In peak processing periods, the FAD or appropriate designee should perform a quality control review of completed verifications to ensure compliance and to determine if additional training is needed.

d. Schools are required to disburse State aid using the same ISIR transaction number used to disburse federal Title IV aid.

**Topic II - Satisfactory Academic Progress**

1. **Maintenance of Banner SAP business rules:**

   a. The FAD develops compliant SAP policies and procedures. If changes are made in a given year, the FAD will ensure appropriate updates are made to the Banner system. The FAD and any pertinent FAO Systems’ staff will ensure all updates to procedure, policy, and the Banner system are documented and preserved.

   b. Transfer credits accepted towards a student’s academic program under the University’s academic requirements must be included in both the attempted and completed hours category when measuring pace towards completion for each SAP evaluation period. These credits should be incorporated into Banner SAP business rules.

2. **Published SAP policies:**

   a. The following documents and tools are published on the FAO’s website:

      i. University’s SAP compliance policy (**Appendix Topic II – A.**),

      ii. A qualitative progress calculation, (**Appendix Topic II – B.**)

      iii. A time frame for quantitative progress,

      iv. SAP Appeals process, or a link to a form (if applicable) (**Appendix Topic II – C.**)

   b. The FAO’s SAP policy should clearly define academic expectations to maintain satisfactory academic progress for aid recipients. The policy must specify the qualitative standard (GPA) that a student must have at each evaluation and must also specify the quantitative standard (pace) at which students must progress through their program to ensure that they will graduate within the maximum timeframe. The policy must state how GPA (qualitative) and pace (quantitative) are affected by incompletes, withdrawals, and repetitions, in addition to transfers of credit from other schools.

   c. Links to University resources aiding academic success are also published along with the documents outlined in SAP paragraph 2(a). Resource suggestions include campus reading and writing centers or tutoring services offered to students.
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d. Prior to the start of the academic year, students who are receiving financial aid for the first time are sent or provided the university specific SAP expectations, including links to the SAP portion of the FAO’s website.

3. **SAP assessment process:**

   a. If the academic calendar permits, the FAO must evaluate SAP no later than one week prior to the start of the next evaluation period’s classes. When the ROPSAPR process is run, Banner uses SAP RORRULES to calculate a student’s SAP status. For those students not making SAP, an “ineligible” SAP status should be flagged on their record.

   b. The FAO should send written communication to students identified as SAP ineligible within 3 business days. The communication should include a link to the SAP Appeals form and to the SAP policy outlined on the FAO’s website.

   c. The FAO’s appeal policy must specify the conditions under which a student may appeal. The student’s appeal must include an explanation of why the student is not making SAP and what has changed that will allow the student to make SAP by the next evaluation.

   d. AOs (or a committee) review SAP appeals, documenting their decisions on the SAP Appeal Review form. If additional documents supplied by the student could potentially change the reviewing AO’s appeal decision, those documents are noted on the SAP Appeal Denial form and are communicated to the student as outlined in SAP paragraph 3(b).

   e. After an AO (or committee) reviews an appeal, the AO documents the action on the SAP Appeal Decision form. The SAP Appeal Review form should be maintained with the student’s appeal form throughout the process.

   f. The FAO may use a financial aid ‘warning status’ if SAP is evaluated by payment period (fall, spring, and summer). This warning status allows early detection of students who are facing academic difficulty. The FAO may use this status in place of marking a student as SAP non-compliant.

   g. All schools may use the financial aid probation as part of their SAP policy. The FAO may grant an appeal and assign a ‘probation status’ if it is determined that the student should be able to meet the standards after the subsequent payment period, or if the FAO develops an academic plan with the student that, when followed, will ensure that he/she will meet the standards by a specific time.
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Students who fail the satisfactory progress check after the end of the probationary payment period may only continue to receive aid if they successfully appeal, the University develops an academic plan for them, and they are meeting its requirements.

h. If the appeal is approved, the AO or other appropriate designee changes the student’s status in Banner from ‘ineligible’ to ‘eligible’ and prepares written communication to the student of the decision. In addition to the decision, the written communication should contain links to resources on campus that assist with academic progress. The written communication should also contain language indicating the student is now eligible for financial aid and that the student’s progress will continue to be evaluated.

i. If a student submits a second appeal, if a SAP appeals committee is not in place, someone other than the initial reviewing AO must make the subsequent review.

   i. If the appeal is approved, the decision should be documented on the SAP Appeal form and forwarded to the original reviewing AO who follows the steps outlined in SAP paragraph 3(f) to inform the student of the decision.

   ii. If the appeal is denied, the decision should be documented on the SAP Appeal form and a written communication should be sent notifying the student of the appeal denial and the ending of aid eligibility due to unsatisfactory academic progress.

   iii. When a student’s appeal has been denied, the AO informs the Cashier’s Office of the student’s aid ineligibility. This process may occur automatically through Banner.

j. Annually, the FAD or designee should perform a quality control review of SAP appeals by selecting a sample of completed appeals to determine if the reviewing AO’s decision is appropriate.

Topic III - Packaging

1. Policies and Procedures: Policies and procedures related to packaging are documented and maintained with access available as needed by AO’s.

2. Packaging Rules: Annually, packaging rules are established, or updated within the Banner system. A review of Banner rules should be performed and tested before student packages are created. These tests are retained with evidence that they have
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been tested. The nature, timing and extent of the review may be determined by the school.

3. **Funds Availability:** Available funds are determined, assessed, and recorded in the Banner system. Notifications from internal and external funding entities determine the available funds to award. The FAO requests that University entities awarding institutional scholarships make the awards by a date supporting recruiting and retention efforts. Once award rosters are received, if there are funding deficiencies, the FAO should notify the awarding department.

4. **Cost of Attendance:** An individual cost of attendance should be automatically configured within Banner based on average costs for different categories as specified by the Federal Student Handbook provided by the Department of Education. The budgeted cost of attendance must be reviewed and recalculated annually. Supplementary costs, including but not limited to, dependent care, disability expenses, a computer and study abroad may be added to a student’s cost of attendance using signed statements from the student and appropriate documentation detailed in the federal regulations.

5. **Aid Calculations:** Certain aid calculations that cannot be created within Banner must be manually performed before an automatic batch of additional student aid is calculated within the system. These could include:

   a. **Institutional Awards:** Institutional awards may be determined by both individual University departments as well as the FAO. The FAO maintains a good working relationship with other University departments to assist with the efficient and effective communication of institutional awards. The FAO requests institutional scholarships be awarded by specific dates. Once departments notify the FAO of an award, the nominations are verified for available funds.

   b. **Outside Scholarships:** Students are encouraged to pursue outside scholarships for additional funding. If a student receives an outside scholarship, the FAO should request the student to have the scholarship money mailed to the appropriate University office outlined in the University’s cash receipts policy and have the check made payable to the University or jointly to the student and the University. Scholarships received from an outside party are applied to a student’s financial aid package by entering the aid on the resource form, RPAARSC, or on the award form, RPAAWRD.

   c. **State Grants:** These awards are determined by the state and are applied to the students’ aid packages. This may be performed using the state grant interface.
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6. **Class Review:** A check of the student’s class standing must be performed before disbursing a student's award. AOs verify that the student has made appropriate academic progress from the previous year. A report should be run of current academic standing (based on completed class hours) according to University records. This should be compared to the grade level reported by the student.

7. **Pell Grants:** Pell calculations are made in Banner via the RPEPELL process, or as part of RPEPCKG. Pell originations are sent to the US Department of Education’s Common Origination & Disbursement (COD). When acknowledgement records are received from COD, they are imported into Banner. Any rejections are reviewed and corrected.

8. **Automated Packaging:** The AO executes the RPEPCKG process to award all additional aid. This process takes any remaining need and awards other available aid based on criteria the student meets. Controls are in place to automatically award grants in an accepted status. Log files should be reviewed to determine whether any adjustments are necessary. This may also be achieved through a review of the RPEPCKG output report. If adjustments are necessary, they are entered into Banner by an AO.

9. **Award Notification:** Once aid packages have been completed, the student should be notified of the award. If additional information is necessary, a request should be sent to the student. The student should receive a written notification informing them of their award package with a link to a secure site where the student can view their aid package and complete acceptance. When sending the award notification, be aware that there are best practices to consider, such as what to include or avoid. *(Appendix Topic III – A.–D.)*

10. **Cost of Attendance Adjustments:** When a student is able to provide evidence of extraordinary expenses in excess of the standard cost of attendance (COA) an adjustment to their COA may be made. These adjustments to the student’s COA may occur before or after the initial aid packaging.

   a. To request an adjusted cost of attendance, students notify the office. The student should attach documentation of the change in cost, including estimates or receipts. The receiving AO reviews the students adjusted cost request.

   b. The FAD should approve of a list of clearly defined circumstances where an AO can exercise his or her judgment in either accepting or denying the COA adjustment without a second level of approval. In these cases, the initially reviewing AO should note the circumstance, sign the form indicating the approval, or make a digital notation in the imaging system. If the COA adjustment request does not meet one of the pre-defined circumstances, the AO should note their decision and forward the documentation and request to the FAD or designee for a second level of approval. *(Appendix Topic III – E.)*
c. Once the adjustment has been appropriately approved as outlined in paragraph 10.b above, the AO enters the adjustment to the student’s cost of attendance and awards additional funds to the student’s aid package if appropriate. The AO informs the student via written communication of the adjustment and changes to the aid package.

d. If the adjustment request is appropriately denied by the AO or the Director/designee, the AO informs the student of the adjustment request denial.

e. The adjustment, supporting documentation and evidence of the approval or denial on the Adjusted COA Form are retained in the FAO.

f. At least once per year, following aid disbursement, the FAD or designee reviews a sample for appropriateness of all manual budget adjustments performed since the last review.

11. **Outside Awards:** Throughout the year, a student may receive additional outside awards. Once the additional aid has been entered into Banner, the student’s previous financial aid package must be reviewed to determine if the student no longer qualifies for previously awarded aid. If award amounts change and aid must be redistributed, a written communication should be sent to the student notifying them of changes to their financial aid package.

12. **Over Awards:** AOs review an over award report generated by the RORCALC process, or an internal ad hoc report. This report should be reviewed at least monthly. In periods prior to disbursement, the report should be reviewed more frequently. The FAD or appropriate designee should regularly review a sample of students on the report to determine if over awards are being resolved. *(Appendix Topic III – F. & G.*)

13. **Enrollment Review:** The FAO should have policies and procedures in place to review enrollment status at the end of each term’s schedule adjustment period and make necessary adjustments to aid.

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**Topic IV – Scholarships**

1. **Institutional scholarships:**

   a. The Financial Aid Director (FAD) should request all institutional award decisions to be made and forwarded to the FAO by a date supporting recruiting and
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renewal efforts. The date should be published on the FAO website and communicated to awarding departments.

b. Objective award criteria of Institutional scholarships must be reviewed and approved prior to posting in Banner. If this objective review cannot be performed automatically using Banner rules, the FAD or designee, must approve the scholarship prior to its posting. If the scholarship’s objective criteria are reviewed outside of the FAO, e.g., by an Athletic Compliance Officer, the FAO should retain evidence of the review prior to posting the scholarship in Banner. If the review is performed in the FAO, the FAD or designee is responsible for reviewing the scholarship’s objective criteria to determine if the awarded student meets the qualifications of the award. Evidence of this review must be retained. These scholarships include institutional awards automatically made to students based on academic standing or progress.

2. Institutional award notifications:

a. Institutional awards made outside of the FAO should be documented on an Institutional award form by the awarding department and submitted to the FAO. The FAO should encourage awarding departments to submit this form electronically. The award form should include a standard format for departments to report award amounts, recipients, Banner accounts where the funds are located, and other award parameters. (Appendix Topic IV – A.)

b. When an award form is received, an Aid Officer (AO) determines the availability of funds in the scholarship’s account. If the scholarship is not sufficiently funded for the award, the AO follows up with the awarding body to resolve the underfunded account.

c. If the award is sufficiently funded, the AO enters the award in Banner as part of the student’s aid package and takes steps to resolve any over awards created by adding this additional aid.

3. External Scholarships:

a. External Scholarships should be received in a manner consistent with the University's cash management policy. If the FAO is the initial point of receipt for award checks, the FAO should log the award check in a receiving check log and segregate the check to a secure location. The assigned AO should verify the award recipient noted in the award letter or indicated on the check and the recipient’s status with the University.
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b. If the student cannot be verified, the AO follows up with the awarding agency to request additional information to determine the appropriate student. If necessary, the FAD then follows up with the awarding agency as appropriate.

c. Whenever possible, the FAO should request that external agencies make scholarship checks payable to the University or jointly to the student and the University with a clear indication of the award recipient in an accompanying award letter.

d. After verification, the AO enters the award in Banner on the “Outside Resources” form, RPAARSC, or directly on the award form, RPAAWRD, for inclusion with the student’s aid package.

e. If the student is required to co-sign the check for deposit, the student should be contacted, and the co-signing coordinated based on the University's cash management policy.

f. Daily, an AO prepares a roster of any checks kept in the FAO that have been verified. This AO’s responsibility should not also include receiving checks in the FAO referred to in Scholarship’s paragraph 3(a). The AO remits these checks to the University Cashier, noting on the check log the checks removed from the FAO and remitted. The AO returns the roster from the Cashier’s Office to the FAO, retaining the receipt in the secure check location.

g. Weekly, an AO reconciles the check log with those still in the secure location awaiting verification and the checks that have been remitted to the University Cashier. After ten business days, all checks kept in the FAO that have not been remitted to the University Cashier because the student recipient cannot be verified are removed from the secure location and given to the FAD or designee to return to the awarding institution.

h. Universities may have different cash management processes with respect to the custody of checks and the procedure for remitting to the University Cashier. These processes must still maintain adequate segregation of duties and controls over cash management when the process interacts with the FAO.

Topic V – Loans

1. Communication: The Financial Aid Office (FAO) creates student award packages. Each student reviews his or her package and determines which loan(s) to accept (see Packaging). The FAO includes information informing the student of his or her rights and responsibilities as a recipient of financial aid within the package.
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2. Certification, Disbursement and Reconciliation:
   a. The FAO should certify and transmit direct loans using batch processing. A student’s grade level must be confirmed before disbursing a loan.
   b. Direct loans should be automatically disbursed after the loan has been originated and acknowledged and the student has met any additionally specified requirements.
   c. Monthly, an AO performs a reconciliation of loans awarded, disbursed, and returned. (Appendix Topic V – A. & B.)

3. Entrance and Exit Counseling:
   a. First time loan borrowers are required to complete Entrance Loan Counseling. To satisfy this requirement, the FAO should provide a link on their website to online entrance counseling, at studentloans.gov or another appropriate site if preferred. The completion of the entrance counseling must be tracked by the FAO.
   b. The FAO should direct students to nslds.ed.gov or another appropriate site for exit counseling within 30 days of a student graduating, withdrawing, or dropping below half time. If the student borrower drops out without notifying your school, you must confirm that the student has completed online counseling, or mail exit counseling material to the borrower at his or her last known address. It is also acceptable to email the information to the borrower at his or her home (not school) email address, if you have that address. Note that you may send the print or PDF version of the Direct Loan Exit Counseling Guide to satisfy the exit counseling requirement. The material must be mailed or emailed within 30 days of your learning that a borrower has withdrawn or failed to participate in an exit counseling session. If a University is subject to a Default Management Plan, that plan supersedes this paragraph.

3. Denials: An AO should run an ad hoc report identifying students who have been denied PLUS loans. If a student has been denied, their award packages may be reviewed to identify if there are any other types of aid that the student may be awarded.

4. Cancelations: An award cancelation process should be run periodically to identify and cancel student federal loans that were not accepted, or if auto accepted and have not disbursed. This may be performed using RPRCNCL.
5. **Notification of Disbursement:** When Direct or PLUS loans are credited to a student’s account, Universities must notify the student or parent borrower in writing (paper or electronic) of the:
   a. Anticipated date and amount of the disbursement;
   b. Student’s (or parent’s) right to cancel all or part of the loan disbursement; and
   c. Procedures and the time by which the student (or parent) must notify the school he or she wishes to cancel the loan or disbursement.

6. **Timing of Notifications:**
   a. If the University requires affirmative confirmation before loan funds are accepted, the student, or parent in the case of PLUS loans, must be notified of their right to cancel the loan within 30 days of crediting the student’s account. If the student, or parent in the case of PLUS loans, wishes to cancel any portion of the loan the university must honor this request if made within 14 days of the notification of the right to cancel.
   b. If the University does not require affirmative confirmation before loan funds are accepted, the student, or parent in the case of PLUS loans, must be notified of their right to cancel the loan within 7 days of crediting the student’s account. If the student, or parent in the case of PLUS loans, wishes to cancel any portion of the loan the university must honor this request if made within 30 days of the notification of the right to cancel.

7. **Private Education Loan Applicant Self-Certification Form:** The Self-Certification form is used by institutions and private educational lenders to satisfy the requirements of section 487(a)(28) of the Higher Education Act of 1965, as amended (HEA) and section 128(e)(3) of the Truth-in-Lending Act (TILA). *(Appendix Topic V – C.)*
   a. Institutions are required to provide the Self-Certification form, and the information needed to complete the form, to an enrolled or admitted applicant (or to the parent applicant of an enrolled or admitted student) upon the applicant’s request for a private education loan Self-Certification form. An institution may post an exact copy of the form on its website for applicants to download or it may provide a paper copy of the Self-Certification form directly to an applicant through its financial aid or other designated office.
   b. Alternatively, the applicant may obtain a copy of the Self-Certification form from the private educational loan lender and submit it to the institution for completion or confirmation. An institution may also, at its option, provide the information needed to complete the form directly to
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the private educational lender. An institution is not required to track the status of the private education loan after providing the Self-Certification form to the applicant or to the private lender.

**Topic VI - Return of Title IV and State Grant Funds**

1. **Withdrawal Date:** A student is considered to have withdrawn from a payment period or period of enrollment if the student does not complete all the days in the payment period or period of enrollment that the student was scheduled to complete. The date of the University’s determination that the student withdrew varies depending on the type of withdrawal. Withdrawals are classified as official or unofficial.

2. **Official Withdrawals:** If a student begins the official withdrawal process or provides official notification to the school of his or her intent to withdraw, the date of the University’s determination that the student withdrew should be the date the student began the official withdrawal process, or the date of the student’s notification, whichever is later. The University office responsible for withdrawals should formally notify the FAO of students that have withdrawn from the University along with their official withdrawal date. This may occur through automated workflows. The FAO should establish internal controls to ensure accurate calculations and timely returns, such as running a Banner script every other week during the semester to identify students that have received Title IV and/or State Grant funds but are not enrolled in any credit hours for the term.

3. **Unofficial Withdrawals:** At the end of the semester, the FAO runs a script to determine all students who received Title IV funding but did not achieve any grade indicating course completion. The FAO may be provided this list by another University office. If a student does not achieve a grade indicating course completion from any course during the semester, the University must determine if the student has unofficially withdrawn from the school. First, the FAO or other responsible administrative body on campus contacts each of the student’s professors to determine whether the student began academic participation. The FAO may contact the professors directly or ask the student to contact the professors and provide evidence of academic participation. If the professor indicates the student did begin academic participation, they must determine if the student completed the course or the date the student stopped academic participation.

   a. If any professor states that the student completed the course, the student must be considered not to have withdrawn from the school.

   b. For each course that a professor is unable to establish that the student began academic participation, the FAO must assume the student never attended the
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course. If this assumption changes the student’s enrollment status from full time to part time, the FAO must recalculate the student’s Pell Grant eligibility and return any over awarded Pell funds prior to performing the return of Title IV and State Grant calculations.

c. If the inquiry of the student’s professors does not receive a response or if a professor responds with a date of the last academic participation but no professor states the student completed the course, the student is considered to have unofficially withdrawn from the University.

d. If a professor is able to establish a date of last academic participation, the student’s withdrawal date must be considered the latest date of established academic participation of any course. If no professor is able to establish a date of last academic participation, the school may use the 50% point as the withdrawal date in determining earned Title IV aid for each course the school can document the student began academic participation. In this case, of inability to establish a date of last academic participation, the school must use the 10% point as the withdrawal date for determining the return of State Grant funds due from the student.

4. Retro-Active Withdrawals: If a student applies for a retro-active withdrawal to a date within the current term, the request must be reviewed, approved, and documented through the University’s retro-active withdrawal process before the FAO proceeds with determining any return of Title IV or State Grant funds.

5. Withdrawal from Modules: If the University offers classes in a Module, the University must have a procedure to monitor withdrawals from modules and determine if a return of Title IV and/or State Grant funds is required. A program is “offered in modules” if the program uses a standard term or nonstandard-term academic calendar, is not a subscription-based program, and a course or courses in the program do not span the entire length of the payment period or period of enrollment (34 CFR 668.22(l). (Appendix Topic VI – A.)

a. For a student in a standard or nonstandard-term program, excluding a subscription-based program, the student is considered withdrawn if the student ceases attendance and is not scheduled to begin another course within a payment period or period of enrollment for more than 45 calendar days after the end of the module the student ceased attending, unless the student is on approved leave of absence.

b. A student is not considered to have withdrawn if the institution obtains written confirmation from the student at the time of withdrawal that he or she will attend a later module in the same payment period/period of enrollment.
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c. A student may change the date of return that begins later in the same payment period or period of enrollment, provided that the student does so in writing prior to the return date that he or she had previously confirmed.

d. Withdrawal Exemptions:
   i. All requirements for graduation from his or her program before completing the days or hours in the period that the student was scheduled to complete.
   ii. One module (or a combination of modules when combined) that includes 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules.
      1. 49% may NOT be rounded up (i.e., 48.7% CANNOT be rounded up to 49%).
      2. 49% is based on the number of days in the overall payment period, not 49% of the modules the student was enrolled in for a particular payment period.
      3. Successful completion means earning a passing grade.
   iii. Coursework equal to or greater than the coursework required for the institution’s definition of a half-time student under § 668.2 for the payment period.
      1. Successful completion means earning a passing grade.
      2. ½ time enrollment is at least half the workload of the applicable minimum requirements outlined in the definition of a full-time student.

6. Return of Title IV Calculations: Once a withdrawal date has been established by the FAO or reported to the FAO by the responsible University administrative body, the FAO determines if the student is owed a refund or is responsible for a return of aid. (Appendix Topic VI – B.)

   a. Up through the 60% point in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. Once a student is determined to have attended for more than 60% of a semester the student is considered to have earned 100% of his or her student aid. However, a school must still determine whether the student is eligible for a post-withdrawal disbursement.

   b. In reviewing the withdrawal date, the FAO determines the number of days in the semester attended by the student. The number of days attended must be divided by the number of days in the academic semester to determine the percentage of the semester completed by the student. Breaks longer than 5
days are deducted from the numerator and the denominator in the calculation. Official leaves of absence by the student are deducted from the numerator. The percentage of semester completion must then be used to determine the amount of aid earned. Only after establishing the student began academic participation and an attempt at establishing a date of last academic participation has been made, may schools use the 50% point as the withdrawal date for a student who unofficially withdrew. If there is no record that a student began academic participation schools must return 100% of the funds.

c. The earned Title IV aid must then be deducted from the disbursed aid to determine if an amount of undisbursed aid is due the student, or if there is an amount of disbursed aid that exceeds the amount of earned aid due the University. This calculation should be performed either in Banner or with software provided by the US Department of Education. The FAO should offer any post-withdrawal disbursements to the student within 30 days.

d. Within 45 days from the determination of a student’s withdrawal, unearned aid must be returned to the appropriate programs in an order consistent with federal regulations and state policy guidance.

7. **State Grant Return of Funds:**
When a student withdraws before the end of the term, an institution must determine how much, if any, state grant funds must be returned. The amount an institution must return depends on when the student withdraws.

Institutions are required to calculate a return of funds in the state grant system when a student withdraws prior to or on the 35% point of the term. Please see the [Return of Funds Policy for Withdrawing Students - SEAA-Administered State-Funded Grant Programs](#) for more detail.

When a calculation of funds is performed, the state grant system saves the calculation and allows a school to retrieve a PDF version of the completed worksheet with an option to print. Documentation of the withdrawal calculation is maintained in the state grant system for the school to reference/pull as needed.

Institutions are no longer required to complete return calculations for withdrawals occurring after the 35% point of the term. Institutions must upload a file of all withdrawn students at the end of the year, or periodically throughout year, so that SEAA/CFI can capture number of students withdrawn including those withdrawing after 35% attendance. The deadline to upload withdrawals is June 25.
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8. **Quality Control:** At least once per year, the FAD or designee should perform a quality control review of return of Title IV calculations to ensure compliance and to determine if additional staff training is needed.

**Topic VII – Reconciliation**

1. **15 Day Reporting Requirement:** A FAO must submit Federal Pell Grant, TEACH Grant and Direct Loan actual disbursements, or adjustments to disbursements, within 15 days to the Department of Education's Common Origination and Disbursement (COD). The FAO should ensure that daily, weekly, and/or monthly processes allow them to meet the 15-day reporting requirements. A FAO’s failure to submit disbursement records within the required 15-day timeframe may result in an audit or program review finding.

2. **Monthly Reconciliation:** The FAO should have a process in place to compare Title IV aid (grants, loans, and campus-based aid) internal records with COD and G5 to identify and resolve outstanding discrepancies. Schools should also reconcile internally between the Business Office and the FAO. Activities should occur throughout the month (creating/sending records, resolving rejects, reviewing drawdowns, etc.) to assist in reconciliation efforts. Reconciling monthly will make the year-end process more efficient. A FAO should maintain records that document this monthly reconciliation. *(Appendix Topic VII – A. & B.)*

3. **Work Study:** The FAD or designee should routinely monitor Federal Work Study earnings to ensure students do not exceed the allocated amount. The FAO should reconcile work study paid amounts in Banner Financial Aid to work study payroll earnings in Banner Payroll.

4. **COD Reports:** FAOs should monitor the School Account Statements that COD sends each month to assist in the reconciliation process. The SAS should be compared to internal records and discrepancies should be resolved and documented. To avoid negative disbursements, the FAO should correspond with schools quickly when Multiple Reporting Records are received to confirm eligibility or reduce disbursements that should not have been made. The FAO should also take immediate action on COD alerts indicating unsubstantiated cash. The FAO should use COD’s Direct Loan and Grant reports to assist with reconciliation efforts. *(Appendix Topic VII – C.)*

5. **Final Reconciliation:** A FAO should complete the final reconciliation as soon as possible after the end of the award year. Pell and TEACH must be reconciled by September 30th following the end of the award year. Direct loans must be reconciled no later than the Program Year Close-Out date (last processing day in July of the year following the end of the award year).
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6. **Reconciliation of State Grants:** The SEAA School Portal and CFI Grant System were developed to facilitate communication with campuses concerning student eligibility for SEAA-administered scholarships, grants, and loans. Each system provides detailed information about state grants on the student level, which can then be reconciled to the electronic fund transfers that are delivered to the schools on a weekly basis. Schools are instructed to deliver funds to the students’ accounts within ten days and return funds to SEAA due to ineligibility within 45 days. Standard accounting practices require a monthly reconciliation of funds.

**Topic VIII - General Management**

1. **Accessibility:** The FAO has established hours of operation during which the office should be open and available for students to receive assistance. The hours of operation should be posted online. FAO counselors should be available to students, with or without appointment, at all times during hours of operation. Periodically, the FAO should offer training to students and parents to inform them of the financial aid process. Informational documents and forms relevant to a student's financial aid process are offered in the FAO and online when applicable. The documents provide a student with information concerning the commitments and requirements of each of the programs offered.

2. **Policies and Procedures:** A Policies and Procedures Manual should be established and maintained by the FAO. The manual adheres to federal and state regulations as well as to the mission and guidelines of the University. At least annually, forms, templates, training materials and job responsibilities are included and are reviewed, along with the current policies. Prior to implementation, changes to the processes should be reviewed and approved. Substantial changes to the policies and procedures manual should be communicated with Internal Audit or other appropriate University body within the decision-making process. The manual should be stored both on a shared drive with easy access by all employees as well as a hard copy in the FAO in the event that electronic documents are not available.

3. **Code of Ethics:** Prior to commencing work new employees should receive training on the policies and procedures of the FAO. A Code of Ethics should be signed, stating his or her agreement to perform fair and unbiased decision making. A confidentiality statement should be signed as well as a relationship disclosure of any familial relationships in the FAO that the employee has with enrolled students. Each year this information should be updated and stored within the FAO. *(Appendix Topic VIII – A.)*
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4. **Responsibilities and Segregation:** A responsibility matrix should be established and maintained by the FAD. The roles and responsibilities of FAO positions are reviewed annually to assess if all duties are assigned and if additional cross training is needed. Positions are segregated to prevent any one employee from having exclusive oversight of a student's records. A process should be developed to allow different employees to evaluate or update the student files at various times throughout the process. *(Appendix Topic VIII – B.)*

5. **New Hires:** When a new FAD is to be hired, the process should be conducted by a search committee that includes at least one member with extensive financial aid experience.

6. **Confidentiality:** The confidentiality of the student must be protected, both in the office as well as with student records. The FAO should be set up to allow proper and adequate means to conduct meetings with students in a confidential manner.

7. **Records Retention:** Student records are retained in accordance with University, state, and federal policies. These retention policies are stated within the policies and procedures manual. Students may request to review their student records for content and accuracy. Students are permitted to view their records in the presence of an AO.

8. **Training:** Appropriate and relevant training should be provided for all FAO employees. Training requirements are standardized, documented, and monitored. Training should be offered in various forms including, but not limited to, external conferences, internal training sessions, and webcasts. The FAO should utilize the Department of Education’s Federal Student Aid Assessments and Information for Financial Aid Professionals (IFAP) training options to ensure all staff members are well informed. Training schedules take into consideration the availability of the FAO and are scheduled during off peak times. Employees who attend trainings are responsible for sharing the information with the FAO in order to promote cross training between employees.

9. **System Functions:** The FAO uses Banner functions when available and appropriate. Banner functions to be used in the FAO are reviewed in a test environment before being implemented in the live production environment.

10. **Data Standards:** A campus’ Data Standards Committee should be used to establish Banner standards used in the FAO.

11. **Cross-departmental Communication:** The FAO maintains open and regular communication with other departments in the University. Roles and responsibilities of the FAO, as well as the responsibilities the FAO expects of the
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departments are documented and communicated to the departments. The FAO offers workshops to train departments on processes that involve their participation.

12. **Professional Judgments:** Procedures are established for appropriate reviews and approvals. These procedures should state the nature and timing of reviews. All reviewed documentation should be retained with appropriate approval. Any review that requires professional judgment should be reviewed by at least two employees before a decision is rendered.

13. **Security:** Computer hardware maintained in the office has proper security protocols including but not limited to firewalls, screensaver password security, and Administrator restrictions. Any student data should be saved to the network instead of the local computer to protect against unauthorized user access.

14. **Reporting:** The FAO complies with the maintenance of all program and fiscal reports. For example, Pell Reconciliations with COD are performed by September 30 and a FISAP must be submitted to the Department of Education by October 1.

15. **Repeated Coursework:** Universities must have procedures in place to monitor repeated coursework. Repeated coursework may count toward enrollment status in term based programs; however, financial aid may only pay for one retake of any previously passed course.

16. **System Access:** System access granted to an employee should be removed when the employee leaves the office, moves to another position, or is terminated. The Financial Aid Office or other responsible office should have rules to ensure that system access to student financial aid records is reviewed at least every six months.

17. **Auxiliary System Access:** The Financial Aid Office occasionally uses other auxiliary systems to assist with the processing of student aid. Auxiliary systems may include outside processing systems such as G5, NSLDS, CFI, COD, SAIG, etc. The Financial Aid Office should ensure that security for all auxiliary systems is adequate to protect sensitive data. *(Appendix Topic VIII – C.)*

   a. The Financial Aid Office should have a policy defining who has the ability to grant and remove system access to auxiliary systems. Only employees whose job duties require access to these systems should be granted access. Employee access should be reviewed every six months to ensure that employees only have access to systems needed in performing their job. Documentation should be maintained to provide evidence of the review.
18. **Program Participation Agreement:** The Financial Aid Director should ensure the school’s Title IV Program Participation Agreement is current by periodically reviewing and determining any needed updates, including but not limited to, locations, non-degree programs, and third-party servicers.

19. **Promote Awareness:** The Financial Aid Director should facilitate the awareness of other offices on campus of their own responsibilities related to Title IV regulations. There are a number of areas of responsibility that fall outside the authority and control of the financial aid office. Examples of these responsibilities include:

   a. Gramm Leach-Bliley Act (GLBA)
   b. Clery Act
   c. NSLDS Enrollment Reporting
   d. Consumer Information

**Topic IX – Emergency Declarations**

1. **COVID 19:** During the COVID-19 pandemic, the Department of Education published many flexibilities related to administering Title IV aid. This chart, [COVID-19 Title IV Flexibilities and Waivers as of January 15, 2021](#), details each COVID-19 flexibility or waiver and provides the timeframe to which that particular flexibility or waiver apply. It also provides the applicable CARES Act and/or Department of Education guidance citations.

2. **Natural Disasters** - Be aware of other flexibilities and waivers that may be granted with Federally Declared Disasters, such as weather-related events, at [the Department of Education’s Natural Disaster Recourses](#). Please note that you must notify the Department of Education if your institution resides in a federal disaster declaration area.
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Appendix

For Templates and Examples, go to the Financial Aid folder within the documents menu on SharePoint, or click on the active links listed below.

Topic I - Application
A. Common Matching Baseline Standards

Topic II - Satisfactory Academic Progress
A. SAP Policy Example
B. Best practice SAP calculation tool
C. SAP Appeal Form Example

Topic III - Packaging
A. Department of Education’s Guidance on Award Notifications
B. Creating an Effective Award Letter
C. The Award Letter: A Model Concept
D. No Clear Winner: Consumer Testing of Financial Aid Award Letters
E. Cost of Attendance Adjustment Request Form
F. Over Award Policy and Procedure
G. Over Award Report

Topic IV - Scholarships
A. Institutional Award Form

Topic V - Loans
A. Policy and Procedure for Direct Loan Reconciliation Example 1
B. Policy and Procedure for Direct Loan Reconciliation Example 2
C. Private Education Loan Applicant Self-Certification

Topic VI - Return of Title IV and State Grant Funds
A. NASFAA Decision Tree: R2T4 Decision Tree--Determining Whether a Student Has Withdrawn from a Standard- or Nonstandard-Term Program Offered in Modules [Effective July 1, 2021] (requires sign-in)
B. Return of Title IV Policy and Procedure Example

Topic VII - Reconciliation
A. 4-way Reconciliation
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B. Policy and Procedure for Pell Reconciliation
C. Unsubstantiated Cash, POP/MRR and 15 Day Reporting Requirement

**Topic VIII - General Management**

A. Code Of Ethics
B. Roles and Responsibilities Matrix
C. Auxiliary System Access Review

**Key Terms and Definitions**

AO - Aid Officer

FAD - Financial Aid Director

FAO - Financial Aid Office

**Academic Good Standing Policy:** Policies stating the minimum academic progress necessary to remain enrolled at an institution.

**Academic Participation:** A student’s attendance or participation in a course as determined by the Faculty member.

"C" Flag: Code generated by the Central Processing System (CPS) when database match results require resolution by the school, including FAFSA drug question resolution.

**Central Processing System (CPS):** The FSA facility that processes applications for federal student aid, determining a student’s eligibility for aid and conducting a series of quality control and eligibility checks on the application data.

**Direct Loan Program:** The William D. Ford Federal Direct Loan Program provides loans to student and parent borrowers directly through the U.S. Department of Education rather than through a bank or other lender.

**External Scholarship:** Financial Aid awarded to a student through a process external to the University. With an external scholarship, the University is only responsible for including the award in financial aid packaging and the application of the scholarship payment to the indicated student’s account.

**Family Education Rights and Privacy Act (FERPA):** Federal law detailing an institution’s responsibility to protect the privacy of student records.
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**Federal Title IV Student Aid:** Financial aid programs for postsecondary students, authorized under Title IV of the Higher Education Act of 1965, as amended (HEA). The programs are administered by the U.S. Department of Education.

**Federal Work Study Program (FWS):** The FWS Program provides funds that are earned through part-time employment to assist students in financing the costs of postsecondary education.

**Free Application for Federal Student Aid (FAFSA):** The federal student aid form that must be completed in order to receive federal and some state student aid. The FAFSA gathers data needed to calculate federal student aid eligibility.

**Institutional Scholarship:** A type of scholarship awarded to a student by a University body of University controlled funds. The award decision for this type of scholarship is made entirely within the University.

**Institutional Student Information Record (ISIR):** Contains student information reported on the Free Application for Federal Student Aid (FAFSA), as well as key processing results and National Student Loan Data System (NSLDS) financial aid history information. The Central Processing System (CPS) sends ISIRs electronically to schools.

**Modules:** A program where course or courses do not span the entire length of payment period or period of enrollment, such as two 8-week sessions within a 16-week semester. For Return of Title IV purposes, a student is considered withdrawn if the student does not complete all days scheduled to complete within payment period/term.

**Official Withdrawal:** The official withdrawal of a student from academic participation with a University effective on the date notification was given by the student to a University official of his or her intent to withdraw, or the date the student began the official withdrawal process, whichever is later.

**Pell Grants:** The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post baccalaureate students to promote access to postsecondary education.

**Probation Status:** Should a SAP appeal be granted, a probation status may be assigned to a student to allow them to receive Title IV funds while they work to become compliant with the University SAP policy. This status may be used by any University, regardless of the frequency of SAP evaluations.

**Retroactive Withdrawal:** The official withdrawal of a student from academic participation with a University effective on a date earlier than the date notification was given by the student to the University of his or her intent to withdraw.
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**SAR Comment Code and Text Guide**: Listing provided by the US Department of Education explaining comment codes and text added to the Student Aid Report (SAR) by the Central Processing System (CPS). These comment codes and text provide information to the student and to the Financial Aid Administrator about the student’s processed Free Application for Federal Student Aid (FAFSA).

**Satisfactory Academic Progress (SAP)**: Minimum academic progress necessary to remain eligible for financial aid.

**State Aid**: Includes all programs authorized by the North Carolina General Assembly. The majority of these programs are administered by the State Education Assistance Authority (SEAA) and frequently utilize the CFNC and SEAA aid portals for financial aid administrators.

**Unofficial Withdrawal**: The withdrawal of a student from academic participation with a University without notification from the student.

**Warning Status**: A SAP status that may be used by Universities that evaluate SAP at the end of each payment period to allow students to receive Title IV and State Aid funds while they work to become compliant with the University SAP policy.

**Written Notification**: When referenced throughout this document, the notification can be email, hard copy, or policies available on website.