
Document title: **Disbursement of Federal Financial Aid – April 2017**

Approval date: **April 2017**

Purpose of document: Disclosing information on disbursement of Federal Financial Aid

Office/department responsible: Office of Student Financial Affairs and Scholarships

Approved by: Brian MacDougall - Executive VP for Administration & Finance

Document classification level: **PUBLIC**

Document accessible: <http://www.aucegypt.edu/about/university-policies>

Document includes: **Policy**

Related documents/see also:

Disbursement of Federal Financial Aid

Policy Statement

AUC is committed to the development, implementation, dissemination, and annual review of a sound Financial Aid Disbursement Policy which supports compliance with federal, state and university regulations regarding the disbursement of financial aid to student accounts.

Reason for Policy/Purpose

To establish sound cash management practices while ensuring compliance with federal, state and university regulations related to financial aid disbursements and release of excess financial aid.

Who Approved This Policy

Brian MacDougall –
Executive VP for Administration & Finance
April 2017

Who Needs to Know This Policy

AUC faculty, staff, students, organizations, and individuals that are disbursed financial aid awards and/or process financial aid disbursements or transactions related to student financial aid awards.

Web Address for this Policy

<http://www.aucegypt.edu/about/university-policies>

Contacts

Responsible University Official: Ania Rejman

Responsible University Office: Student Financial Affairs and Scholarships

If you have any questions on the policy or procedure for disbursement of Federal Financial Aid policy, you may:

1. Call Ania at 212-730-8800 or
2. Send an e-mail to arejman@aucegypt.edu

Definitions

Term (alphabetical order)	Definition as it relates to this policy

Policy/Procedures

DISBURSEMENT OF FEDERAL FINANCIAL AID

To establish sound cash management practices while ensuring compliance with federal, state and university regulations related to financial aid disbursements and release of excess financial aid.

This policy applies to all AUC faculty, staff, students, organizations, and individuals that are disbursed financial aid awards and/or process financial aid disbursements or transactions related to student financial aid awards.

AUC is committed to the development, implementation, dissemination, and annual review of a sound Financial Aid Disbursement Policy which supports compliance with federal, state and university regulations regarding the disbursement of financial aid to student accounts.

This policy provides guidelines specific to the following objectives:

- 1) Effective internal controls
- 2) Proper use of funds advanced
- 3) Timely refunding of credit balances
- 4) Excess financial aid refunded in accordance with federal regulations
- 5) Communication of Title IV loans disbursed to student accounts

Also, by following proper procedures, audit trails exist to allow for review of related transactions.

The University's Business Office has the primary responsibility for overseeing the disbursement of financial aid awards to student accounts and excess financial aid balances resulting from such disbursements. This policy stipulates requirements of Business Office employees.

Such controls should ensure the following objectives are met:

- 1) Segregation of duties related to the award, disbursement and funding of financial aid
- 2) Title IV funds returned in accordance with agency requirements
- 3) Reconciliation of financial aid funds disbursed to student accounts
- 4) Advance of excess financial aid used in accordance with federal regulations
- 5) Excess financial aid refunded within 14 days of disbursement date
- 6) Excess financial aid from Parent PLUS Loan released in accordance to federal regulations
- 7) Notification of Direct Lending funds disbursed to the student account issued to the borrower within 30 days of the disbursement

Financial Aid Award, Disbursement and Funding

Internal controls require the segregation of the financial aid awarding function and the disbursement of financial aid to student accounts.

The disbursement of financial aid to student accounts is the responsibility of the Bursar Office NY. The Bursar Office NY disburses financial aid to student accounts at the direction of the financial aid 3rd party servicer Weber & Associates VFAO.

VFAO then submits a request to drawdown federal funds to the Bursar Office NY.

Requests to drawdown are supported by the financial aid posting summary.

Financial aid awards are processed from the financial aid module to student accounts and to the general ledger.

Segregation of duties and the use of electronic processing minimize the potential for mishandling funds and provide an audit trail for related transactions.

Reconciliation of Federal Funds

Federal and state regulations require reconciliation of funds awarded, disbursed and entrusted to the university. A reconciliation of federal funds must be conducted each semester. Financial aid awards, disbursements to student accounts and postings to the general ledger must reconcile and coincide with the Department of Education's Common Origination and Disbursement files and the G5 system. The reconciliation is the responsibility of designees from the Financial Aid Office, Bursar Office and VFAO.

Advance of Excess Financial Aid

Federal and state regulations specify allowable uses for educational expenses to include tuition, room and board, fees, books, supplies, equipment, dependent child care expenses, transportation, and rental or purchase of a personal computer. The Financial Aid Office educates students regarding proper use of federal funds in the collateral and documentation provided throughout the financial aid process. The Financial Aid Office is responsible for overseeing the use of excess financial aid advanced to students for educational expenses. Students are allowed to request an advance of excess financial aid for educational expenses. The Financial Aid Office reserves the right to deny requests for the advance of

excess financial aid, if requests are deemed excessive. Control procedures discourage fraudulent use of federal funds while providing flexibility for students prior to excess financial aid refunds.

Refund of Excess Financial Aid

Federal regulations require the release of credit balances resulting from Title IV funds to be refunded to the student or borrower within 14 days of the disbursement date to student accounts. AUC is committed to adhering to federal regulations regarding refunds of excess financial aid. Credit balances are refunded to the student or the borrower within 14 days of the disbursement date. Excess financial aid resulting from a Parent PLUS loan must be refunded to the borrower unless otherwise stated by the borrower in writing. Policy permits the release of credit balance refunds to students and borrowers as soon as possible after disbursement to the student account and receipt of federal funds into the University bank account. AUC encourages the release of refunds via electronic refunding as directed by the student or borrower; however, students not enrolled in electronic refunding will be refunded via check which will be available for pickup at the Bursar Office Cairo

Notification to Borrower

Federal regulations require the University to notify borrowers of the disbursement of Title IV loans to their student account within 30 days of the disbursement date. The Bursar Office NY is responsible to notify borrowers of loan disbursements to the student account.

Definitions

Federal Funds: The term "federal funds" as used in this policy represents funds entrusted to the University by the U. S. Department of Education for the sole purpose of disbursing federal aid to awarded students for educational expenses.

Financial Aid Award: The term "financial aid award" as used in this policy represents federal, institutional funds, and outside aid resources awarded to students by the Financial Aid Office.

Financial Aid Disbursement to Student Accounts: The term "financial aid disbursement to student accounts" as used in this policy represents the posting of the financial aid award to student accounts.

Financial Aid Funding: The term "financial aid funding" as used in this policy represents the source of funds providing financial aid awards. Funding sources include federal, state and institutional funds.

Return of Federal and State Funds: The term "return of federal and state funds" as used in this policy represents funds to be returned to the funding source as a result of student registration and/or enrollment changes and when funds have been received by the University.

Excess Financial Aid: The term "excess financial aid" as used in this policy represents a credit balance on the student account after the financial aid disbursement to the student account and after all tuition, fees, room and board, and other student account charges have been paid.

Forms/Instructions

Related Information

Appendices (optional)

History/Revision Dates

Origination Date: April 3, 2017

Last Amended Date: April 3, 2017

Next Review Date: August 1, 2017