



## **OFFICE OF FINANCIAL AID**

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# Direct Loan Quality Assurance Policy and Procedures

## 34 DFR 685.300 (b)(9)

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**PURPOSE:**

Reporting of Federal Direct Loan in accordance with Reg. 685.309, 685.303, 685.102

**DEFINITIONS:**

COD – Common Origination Disbursement System

Powerfaids – Financial Aid System for UVA Wise

R2T4- Return to title four.

**POLICY:****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.

**PROCEDURES:**

1. Financial aid Director will send origination and disbursement files from Powerfaids to COD using EDConnect.
2. The Director will monitor applicable reports from COD as well as the failure to originate and disburse report in Powerfaids in order to determine where issues may exist.
3. Errors from all reports will be corrected by the financial aid director and resubmitted to COD.
4. The Director and Loan Officer will verify that the submitted changes processed correctly.
5. Fund request rosters will be processed from Powerfaids and sent to the Business Office to draw funds from G5.
6. Financial aid staff will process funds to student accounts.
7. Upon withdrawal or failure of all courses a R2T4 calculation will be completed on the tools section of the COD website.
8. The calculated amount of aid will be removed from student accounts by the recovery process in Powerfaids and their records in COD adjusted accordingly.
9. Monthly SAS statements will be provided to the business office for loan reconciliation. These documents will then be signed by the Director of financial aid.
10. Complete year end closeout using applicable reports and confirm \$0 balance in COD.

Source:

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2013-11-13/direct-loans-subject-direct-loan-quality-assurance-requirement-reminder>

## **COD Reports**

- COD School Monitoring
  - The COD School Monitoring report is automatically sent to a school on a weekly basis, when any one of the three conditions is present:
    - Unsubstantiated Cash
    - Pell Potential Over award Process (POP) Situations
    - 30 day Disbursement Reporting – regulations require 15 days
    - Available weekly in COD Reporting website under the Services tab on CODWeb and in the Student Aid Internet Gateway (SAIG) mailbox.
- Counseling Report
  - This report will identify students who have completed Entrance Counseling, Financial Awareness Counseling, and/or Exit Counseling on the StudentLoans.gov website
    - Available on a weekly basis
    - Only in COD Reporting website under the Services tab on COD Web
- Actual Disbursement List
  - The Direct Loan Actual Disbursement List report displays actual disbursements from the prior week.
    - The report includes booked, unbooked, and future dated actual disbursements and adjustments, provided they are created within the reporting period. Any actual disbursement that is in review status will not appear on the report.
    - Available on a weekly basis
    - Available through the SAIG mailbox and the COD Reporting website under the Services tab on COD web.
- School Account Statement
  - The School Account Statement (SAS) is a monthly statement which summarized processing activity for each month.
    - Should be compared to both financial aid and business office records
    - Provides the Department's official ending cash balance as of the end date of the report.
    - Generated on a monthly basis
    - Available through the SAIG mailbox
    - Schools can initiate on-demand SAS too