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PART 5 – CLUSTERS OF PROGRAMS

INTRODUCTION

Part 5 identifies those programs that are considered to be clusters of federal programs. As defined by 2 CFR section 200.1, a cluster of programs means a grouping of closely related programs that share common compliance requirements. The clusters of programs included in this Part are research and development (R&D) and student financial assistance (SFA), as well as certain other programs included in Part 4, "Agency Program Requirements," that are deemed to be clusters. A cluster of programs must be considered as one program for determining major programs, as described in 2 CFR section 200.518 (major program determination), and, with the exception of R&D as described in 2 CFR section 200.501(c), determining whether a program-specific audit may be elected.

"Other clusters" also may be designated by a state for federal awards the state provides to its subrecipients that meet the definition of a "cluster of programs." When designating an "other cluster," a state must identify the federal awards included in the cluster and advise the subrecipients of compliance requirements applicable to the cluster, consistent with 2 CFR section 200.331(a). This part of the Supplement does not identify any state-designated clusters of programs.

For the R&D and SFA clusters, this part is the equivalent of Part 4 coverage. In developing the audit procedures to test for compliance with the requirements for the R&D and SFA clusters, the auditor must determine which of the eight types of compliance requirements apply and then determine which of the applicable requirements is likely to a have a direct and material effect on the cluster at the auditee. For each such requirement other than N, "Special Tests and Provisions," the auditor must use Part 3 (which includes generic details about each compliance requirement, including audit objectives and suggested audit procedures) and this Part 5 (which includes any cluster-specific requirements) to perform the audit. For N, "Special Tests and Provisions," Part 3 includes only audit objectives and suggested audit procedures for internal control; all other information is included in Part 5.

The descriptions of the compliance requirements in parts 3 and 5 are a general summary of the actual compliance requirements. The auditor must refer to the referenced citations (e.g., statutes and regulations) for the complete compliance requirements.

RESEARCH AND DEVELOPMENT PROGRAMS

I. PROGRAM OBJECTIVES

The federal government sponsors research and development (R&D) activities under a variety of types of awards, most commonly grants, cooperative agreements, and contracts, to achieve objectives agreed upon between the federal awarding agency and the non-federal entity. The types of R&D conducted under these awards vary widely. The objective of an individual project is explained in the federal award.

II. PROGRAM PROCEDURES

As defined in 2 CFR section 200.1, *Research and Development*, "research" is a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. R&D means all research activities, both basic and applied, and all development activities performed by non-federal entities. The term "research" also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other R&D activities and when such activities are not included in the instruction function. The absence of the words "research" and/or "development" in the title of the federal award does not indicate it should be excluded from the R&D cluster. The substance of the federal award should be evaluated by the recipient and the auditor to determine the proper inclusion/exclusion in the R&D cluster.

Grants, cooperative agreements, and contracts for R&D are awarded to non-federal entities on the basis of applications/proposals submitted to federal agencies or pass-through entities. These proposals are sometimes unsolicited. An award is then negotiated in which the purpose of the project is specified, the amount of the award is indicated, and terms and conditions are delineated.

The administrative requirements that apply to R&D grants and cooperative agreements arise from 2 CFR Part 200, and in some legacy situations, OMB Circular A-110 (2 CFR Part 215), as applicable to an award, and the federal agencies' codification of the OMB circular/guidance. The administrative requirements that govern contracts are contained in the Federal Acquisition Regulation (FAR) and agency FAR supplements (e.g., the Defense Federal Acquisition Regulation Supplement (DFARS)). The cost principles that apply to R&D cost-reimbursement contracts to non-federal entities are found in FAR subparts 31.2, 31.3, 31.6, and 31.7, as applicable.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, "Matrix of Compliance Requirements"), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a "Y" in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance

requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as "N," it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an "N." See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	N	Y	N	Y	Y	N	N	Y	Y

When selecting a sample for testing of compliance requirements, the auditor should choose a sample from the universe of R&D awards appropriate to the objective being tested. The selected items should incorporate a variety of award sizes, award types (grants, cooperative agreements, and cost-reimbursement contracts), funding sources, and federal awarding agencies.

In the Schedule of Findings and Questioned Costs, the auditor must associate any questioned costs with the specific award number(s) in the audit finding detail. When the finding applies to the entire R&D cluster (i.e., systemic findings), the auditor must clearly indicate that the finding applies to the R&D cluster and also identify by award number the questioned costs for the specific award(s) impacted. This information is necessary for the auditee to prepare the corrective action plan, and for federal awarding agencies and pass-through entities to issue a management decision on the audit findings in a timely manner.

A. Activities Allowed or Unallowed

The objectives of individual R&D projects are explained in the applicable award. Testing of compliance with this requirement should ensure that funds were used only for such objectives.

B. Allowable Costs/Cost Principles

Testing of compliance with this requirement should ensure that costs were reasonable and necessary for performance of the R&D effort identified in the applicable award.

Compensation

The auditor should give particular attention to individual employee compensation and related benefits costs. See Frequently Asked Question 200.430-1, which addresses changes to current processes and compliance with the documentation standards of 2 CFR section 200.431(i) (2CRF-FrequentlyAskedQuestions_2021050321.pdf (cfo.gov)).

The 2 CFR section 200.430 provides that federal agencies may approve alternative methods of accounting for salaries and wages based on achievement of performance outcomes, including instances when funding from multiple programs/awards is blended to achieve a combined outcome more efficiently.

1. In accordance with the documentation standards of 2 CFR section 200.430(i), costs of compensation for personal services are allowable to the extent the total compensation for individual employees:

    a. Is reasonable for the services rendered and conforms to the established written policy of the non-federal entity consistently applied to both federal and non-federal activities;

    b. Follows an appointment made in accordance with a non-federal entity's rules or written policies and meets the requirements of federal statute, where applicable; and

    c. Is determined and supported as provided in 2 CFR section 200.430(i), including that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

2. The auditor should determine if the awards contain any negotiated wage or salary rates, or contain any restrictions on salaries and wages, such as the NIH restriction on the amount that may be charged for individual salaries (https://grants.nih.gov/grants/policy/salcap_summary.htm). If so, a sample of these should be included as a part of allowable costs testing.

Indirect (facilities and administrative) costs and cost transfers

1. Indirect or facilities and administrative (F&A) costs are a second major category of cost charged to R&D projects. (See the coverage in Part 3 relating to the review of indirect costs.)

2. Transfers of costs between cost centers or research projects are commonly used to correct the financial records (such as transfers of costs between projects when costs were initially charged to the wrong project and the non-federal entity's control system found the error) and for other valid reasons.

    a. Cost transfers should be tested for allowability. A cost transfer from one project to another project may appear to be an unallowable charge to the second project. However, the auditor should assess whether, because of

the closely linked nature of the research as verified by the auditee, the costs would be allowable charges to either project. Alternatively, transfers would not be allowable under the second project if the terms and conditions of that project identify the costs as unallowable. Auditors should note that a significant number of cost transfers between unrelated projects could be an indication of poor internal controls and might result in a noncompliance finding.

F. Equipment and Real Property

Entities are required to appropriately safeguard and maintain all equipment purchased with federal funds. For the R&D cluster, only considering equipment purchased under federal awards during the current audit period to assess whether the requirement is direct and material may not properly address requirements for the continued use of equipment on federally sponsored projects or programs and the safeguarding of equipment that is maintained by entities over multiple years. When assessing whether this compliance requirement is direct and material, auditors should consider the significance, both qualitative and quantitative factors, of all equipment purchased with federal awards that are part of the R&D cluster. Based on this assessment, auditors should design appropriate procedures to determine internal control over and compliance with equipment management requirements.

M. Subrecipient Monitoring

When deciding whether the subrecipient monitoring compliance requirement applies, the auditor must assess whether the non-federal entity entered into any relationships under the federal award that it identified as subawards. A subrecipient relationship exists when funding from a pass-through entity is provided to another entity to perform a portion of the federal award. It does not include payments for the purpose of obtaining goods and services for the non-federal entity's own use. A subaward may be provided through any form of legal agreement, including an award that a pass-through entity makes under a federal cost-reimbursement contract that is subject to the FAR, in which case the subaward is termed a subcontract. In determining whether a subrecipient relationship exists, the substance of the relationship is more important than the term used to describe it (2 CFR section 200.331).

N. Special Tests and Provisions

R&D awards may contain special terms and conditions that could have a direct and material effect on the R&D cluster. The auditor should make inquiries of the non-federal entity's management and review a sample of the R&D awards to ascertain if such special terms and conditions exist. Entities should have internal controls to ensure that (1) federal awards are reviewed to identify special award terms and conditions, and (2) compliance with the special terms and conditions identified. When special terms and conditions exist that could have a direct and material effect on the R&D cluster, the auditor should determine the audit objectives and develop and perform procedures for internal control

and compliance as required under 2 CFR sections 200.514(c) and (d). One example of a specific cross-cutting special term and condition is key personnel.

Key Personnel

Applications/proposals or awards may include staffing proposals that specify individuals who will work on the project and the extent of the planned involvement of personnel. The non-federal entity may change the staffing mix and level of involvement within limits specified by agency policy or in the award but may be required to obtain federal awarding agency approval of changes in key personnel (as identified in the award, which may differ from the non-federal entity's designation in the application/proposal) and changes in the principal investigator's/project director's time commitment/level of participation in the project. For grants and cooperative agreements, this may include not only a change in the principal investigator or project director but also the disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator 2 CFR sections 200.308(c) (2) and (3)). For cost-reimbursement contracts under the FAR, specific key personnel requirements are included in the contract (or task order).

Audit Objectives To determine whether the non-federal entity adhered to key personnel commitments specified in the application/proposal or award (which may be an incorporation by reference of the approved application/proposal) and obtained any required federal awarding agency approval for changes.

Suggested Audit Procedures

a. Review the non-federal entity's procedures for determining if key personnel were involved in the project.

b. Review a sample of projects and determine if key personnel identified in the application/proposal and award were involved in the project as required.

c. Determine if the non-federal entity complied with any award requirements for approval of changes in key personnel or absence from, or changes in time committed to, the project by the approved project director or principal investigator.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

Department of Education

Department of Health and Human Services

ASSISTANCE LISTING 84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG)

ASSISTANCE LISTING 84.033 FEDERAL WORK-STUDY PROGRAM

ASSISTANCE LISTING 84.038 FEDERAL PERKINS LOAN PROGRAM

ASSISTANCE LISTING 84.063 FEDERAL PELL GRANT PROGRAM

ASSISTANCE LISTING 84.268 FEDERAL DIRECT STUDENT LOANS

ASSISTANCE LISTING 84.379 TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS (TEACH Grants)

ASSISTANCE LISTING 84.408 POSTSECONDARY EDUCATION SCHOLARSHIPS FOR VETERAN'S DEPENDENTS (Iraq and Afghanistan Service Grant (IASG))

ASSISTANCE LISTING 93.264 NURSE FACULTY LOAN PROGRAM (NFLP)

ASSISTANCE LISTING 93.342 HEALTH PROFESSIONS STUDENT LOANS, INCLUDING PRIMARY CARE LOANS AND LOANS FOR DISADVANTAGED STUDENTS (HPSL/PCL/LDS)

ASSISTANCE LISTING 93.364 NURSING STUDENT LOANS (NSL)

ASSISTANCE LISTING 93.925 SCHOLARSHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS – SCHOLARSHIPS FOR DISADVANTAGED STUDENTS (SDS)

I. PROGRAM OBJECTIVES

The objective of the student financial assistance programs is to provide financial assistance to eligible students attending eligible institutions of postsecondary education.

II. PROGRAM PROCEDURES

A. Overview

Institutions must apply to either the secretary of education or secretary of Health and Human Services (HHS) to participate in their particular SFA programs. Some applications must be filed annually, others upon initial entry and once approved,

periodically thereafter. Institutions may be approved to participate in only one program or a combination of programs. Institutions are responsible for: (1) determining student eligibility; (2) verifying student data (when required); (3) calculating, as required, the amount of financial aid a student can receive; (4) completing and/or certifying parts of various loan applications and/or promissory notes; (5) drawing funds from the federal government and disbursing or delivering SFA funds to students directly or by crediting students' accounts; (6) making borrowers aware of loan repayment responsibilities; (7) submitting, as requested, data on borrowers listed on National Student Loan Data System (NSLDS®) roster; (8) returning funds to students, lenders and programs, as appropriate, if students withdraw, drop out, or are expelled from their course of study; (9) collecting SFA overpayments; (10) establishing, maintaining, and managing (including collecting loan repayments) a revolving loan fund for applicable programs; and (11) reporting the use of funds. Institutions may contract with third-party servicers to perform many of these functions.

B. Title IV Programs - General

The Title IV programs cited in this cluster that are administered by the Department of Education (ED) (those with Assistance Listings beginning with 84) are authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), and collectively are referred to as the "Title IV programs." Because they are administered at the institutional level, the Federal Perkins Loan Program, the Federal Work-Study Program, and Federal Supplemental Educational Opportunity Grant Program are referred to collectively as the "campus-based programs."

For Title IV programs, students complete a paper or electronic application (Free Application for Federal Student Aid (FAFSA®) and send it to a central processor (a contractor of ED that administers the Central Processing System). The central processor provides Student Aid Reports (SARs) to applicants and provides Institutional Student Information Records (ISIRs) to institutions. Among other things, the SAR contains the applicant's Expected Family Contribution (EFC). Students take their SARs to the institution (or the institution uses the ISIR) to help determine student eligibility, award amounts, and disbursements. (Note: The central processor is a service organization of ED, not of the institution. Therefore, AU-C Section 402, *Audit Considerations Relating to an Entity Using a Service Organization,* does not apply when auditing the institution.)

C. Federal Supplemental Educational Opportunity Grants (FSEOG) (Assistance Listing 84.007)

The FSEOG program provides grants to eligible undergraduate students. Priority is given to Pell recipients who have the lowest expected family contributions. Federal funds are matched with institutional funds (34 CFR 676.21(a) and (c)). Certain minority serving institutions may obtain a waiver of the matching requirement under 34 CFR 676.21(b).

D. Federal Work-Study (FWS) (Assistance Listing 84.033)

The FWS program provides part-time employment to eligible undergraduate and graduate students who need earnings to help meet the costs of postsecondary education. This program also authorizes the establishment of the Job Location and Development (JLD) program, the purpose of which is to expand off-campus part-time or full-time employment opportunities for all students, regardless of their financial need, who are enrolled in eligible institutions and to encourage students to participate in community service activities. Institutions that participate in the FWS program may also use their funds for the Work-Colleges program, whose purpose is to recognize, encourage, and promote the use of comprehensive work-learning programs as a valuable educational approach when it is an integral part of the institution's educational program and a part of a financial plan that decreases reliance on grants and loans and to encourage students to participate in community service activities (34 CFR 675.43).

Funds are provided to institutions upon submission of an annual application, *Fiscal Operations Report and Application to Participate* (FISAP) (*OMB No. 1845-0030*) (this application covers all campus-based programs), and in accordance with statutory formula. Institutions must provide matching funds unless they are an eligible Title III or Title V institution, or unless the student is employed in a position which is authorized for payment with 100 percent of federal funds (34 CFR 675.26(d)). The institution determines the award amount, places the student in a job, and pays the student or arranges to have the student paid by an off-campus employer. The institution may use a portion of FWS funds for a JLD program.

E. Federal Perkins Loan Program (Assistance Listing 84.038)

Under the Perkins Loan Extension Act of 2015 (Extension Act) (Pub. L. No. 114-105), the authority to award new Perkins Loans to graduate students expired on September 30, 2016, and the authority to award new Perkins Loans to undergraduate students expired September 30, 2017. No disbursements were permitted after June 30, 2018 (Pub. L. No. 114-105). Institutions are required to continue servicing their Perkins Loan portfolio (or contract with a third-party servicer for such servicing) and administrative and reporting requirements remain until the institution has completed the liquidation process and program closeout. Although the federal Perkins Loan Program is a loan program in which the proceeds were received and expended in prior years, the federal government is at risk for the loans until the debt is repaid. The guidelines at 2 CFR 200.502(b) must be used to calculate the value of federal awards expended under the federal Perkins Loan Program each year, because the HEA, regulations, and terms and conditions of the federal Perkins Loan Program impose continuing compliance requirements other than to repay the loans.

F. Federal Pell Grant (Pell) (Assistance Listing 84.063)

The federal Pell Grant program provides grants to eligible students enrolled in eligible undergraduate programs and certain eligible post-baccalaureate teacher certificate programs and is intended to provide a foundation of financial aid. The program is administered by ED and postsecondary educational institutions. Maximum and minimum

Pell Grant awards are established by statute, but the amount for which each student is eligible is based on Pell Grant Payment and Disbursement Schedules published every year by ED. ED provides funds to the institution based on actual and estimated Pell expenditures.

G. William D. Ford Federal Direct Loans (Direct Loan) (Assistance Listing 84.268) (Includes Direct Subsidized, Direct Unsubsidized, and Direct PLUS loans)

The Direct Loan Program makes Direct Subsidized Loans and Direct Unsubsidized Loans to eligible students, and Direct PLUS Loans to eligible graduate or professional students or to eligible parents of dependent undergraduate students, to pay for the cost of attending postsecondary educational institutions. Direct Loans are made by the secretary of education. The student's SAR or ISIR, along with other information, is used by the institution to originate a student's Direct Loan. The financial aid administrator is also required to provide and confirm certain information.

H. Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) (Assistance Listing 84.379)

The TEACH Grant program is a non-need-based grant program for eligible students who are enrolled in an eligible program, and who agree to serve as a full-time teacher, in a high-need field, in an elementary school, secondary school, or educational service agency serving low-income students for at least four years within eight years of completing the program for which the TEACH Grant was awarded (34 CFR 686.1). If the grant recipient fails to complete the required teaching service, the TEACH Grant is treated as a Direct Unsubsidized Loan (34 CFR 686.43).

I. Postsecondary Education Scholarships for Veteran's Dependents (Iraq and Afghanistan Service Grant (IASG)) (Assistance Listing 84.408)

The Higher Educational Technical Corrections, Pub. L. No. 111-39, amended the HEA to allow an eligible student whose parent or guardian died as a result of US military service in Iraq or Afghanistan after September 11, 2001, to receive this non-need-based grant if he or she was not eligible to receive a Pell Grant.

J. Nurse Faculty Loan Program (NFLP) (Assistance Listing 93.264)

The Nurse Faculty Loan Program (NFLP), as authorized by Title VIII of the Public Health Service Act (PHS Act), Section 846A, as amended by the Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, Section 5311, provides funding to institutions of nursing to support the establishment and operation of a distinct NFLP loan fund at the institution to increase the number of qualified nursing faculty. The award to the institution, the Federal Capital Contribution (FCC) award, must be deposited into the NFLP loan fund. The institution is required to deposit the Institutional Capital Contribution (ICC) that is equal to no less than one-ninth of the FCC award. Participating institutions make loans from the regular NFLP loan fund to eligible graduate (master's

and doctoral) nursing students to complete the nursing education program. Accredited collegiate institutions of nursing are eligible to apply for funding. Eligible institutions must offer an advanced education nursing degree program(s) that will prepare the graduate student to teach. The institution is fully responsible for administering the program (i.e., approving, disbursing, and collecting the loans).

All funds awarded for the specified budget or project period should be drawn down from the Payment Management System (PMS) account and deposited in an appropriate loan fund. It is expected that loan activity will be conducted though the institutional NFLP loan fund rather than drawdowns from the PMS account.

Active NFLP grantees are permitted to maintain their loan fund balances in the revolving institutional NFLP loan fund account without fiscal year restriction. The loan fund balance should continue to be disbursed (expended) through the current budget or project period.

Program guidance is available at https://bhw.hrsa.gov/fundingopportunities/Default.aspx?id=e7eb501a-80da-40ae-9941-964dce07b3c5.

K. Health Professions Student Loans (HPSL)/Primary Care Loans (PCL)/Loans for Disadvantaged Students (LDS) (Assistance Listing 93.342) Nursing Student Loans (NSL) (Assistance Listing 93.364)

The HPSL/PCL/LDS and NSL programs provide long-term low-interest loans to students who demonstrate the need for financial aid to pursue their course of study at postsecondary educational institutions. Revolving loan funds are established and maintained at institutions through applications to participate in the programs. The funds are started with the FCC and a matching ICC. Repayments of principal and interest, new FCC, and new ICC are deposited in the revolving funds. The institution is fully responsible for administering the program (i.e., approving, disbursing, and collecting the loans).

Primary Care Loans are a segment of HPSL/PCL/LDS loan funds that impose certain restrictions on new borrowers as of July 1, 1993. First-time recipients of these funds after July 1, 1993, must agree to enter and complete a residency training program in primary health care, not later than four years after the date on which the student graduates from medical school, and, for new loans issued after March 23, 2010, must practice in such care for ten years (including residency training in primary health care) or through the date on which the loan is paid in full, whichever occurs first. Students who received their first HPSL/PCL/LDS before July 1, 1993, are exempt from this requirement and may continue to borrow HPSL/PCL/LDS loans under their applicable health-related course of study.

L. Scholarships for Health Professions Students from Disadvantaged Backgrounds – Scholarships for Disadvantaged Students (SDS) (Assistance Listing 93.925)

The SDS program provides grants to eligible health professions and nursing institutions to award scholarships to financially needy full-time students from disadvantaged backgrounds who are attending institutions of medicine, osteopathic medicine, dentistry, nursing, pharmacy, podiatric medicine, optometry, veterinary medicine, public health, chiropractic, or allied health; institutions offering graduate programs in behavioral and mental health practice; or entities providing programs for the training of physician assistants. For purposes of this program, HHS defines disadvantaged as a student who (1) comes from an environment that has inhibited the individual from obtaining the knowledge, skills, and abilities required to enroll in and graduate from a health professions institution, or from a program providing education or training in an allied health profession; or (2) comes from a family with an annual income below a level based on low-income thresholds according to family size published by the US Bureau of the Census, adjusted annually for changes in the Consumer Price Index, and adjusted by the secretary of HHS for use in health professions and nursing programs.

Source of Governing Requirements

The ED programs are authorized by Title IV of the Higher Education Act (HEA) of 1965, as amended (20 USC 1001 et seq.). The regulations are found in 34 CFR 600 and 668-690.

The HHS programs in this cluster are authorized by the Public Health Service Act (PHS Act). The PHS Act was amended by the Health Professions Education Partnership Act of 1998, Pub. L. No. 105-392 and, for the NFLP, further amended by the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act), Pub. L. No. 111-148, Section 5311.

Availability of Other Program Information

ED annually publishes the Federal Student Aid Handbook (*FSA Handbook)*, which provides detailed guidance on administering the Title IV programs. This handbook and other guidance material are available at https://fsapartners.ed.gov/knowledge-center/fsa-handbook.

HHS publishes the Student Financial Aid Guidelines, which provide detailed guidance on administering the Title VII and VIII programs. This and other materials are available at https://bhw.hrsa.gov/funding/schools-manage-loan-programs.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, "Matrix of Compliance Requirements"), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a "Y" in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance

requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as "N," it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an "N." See the Safe Harbor Status discussion in Part 1 for additional information.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	N	Y	Y	N	N	N	N	N	Y	N	Y

Sampling for Audits of Institutions for which SFA is Identified as a Major Program

For institutions where SFA is identified as a major program, when drawing sample items for testing compliance in student populations of 250 items or greater for Eligibility, Verification, Disbursements to or on Behalf of Students and Return of Title IV Funds, auditors must draw samples using a sampling methodology that incorporates a desired level of assurance (confidence level) and expected exception rate. If student-level sampling is performed for Cash Management and Distance Education, samples from student populations of 250 items or greater must also be drawn using a sampling methodology that incorporates a desired level of assurance (confidence level) and expected exception rate. Examples of acceptable methodologies can be found in the AICPA Audit Guide (Guide) *Government Auditing Standards and Single Audits*, among other sources, along with examples of sampling approaches for population of less than 250. See further information about this Guide and other sources in Part 8, Appendix VII, item VI – Audit Sampling of the Compliance Supplement. Samples should be representative of the populations from which they are selected and thus the results can be projected to the population and used to draw conclusions.

Required Information for the Pell Grant and Direct Loan Programs

The Pell Grant and Direct Loan programs have been designated as programs susceptible to significant improper payments. As such, ED needs information concerning the audit sample to understand more fully the results of the audit and identify ways that ED can work with institutions to reduce improper payments. ED has concluded that the audit access provisions in 2 CFR 200.517(b) and Title IV regulations at 34 CFR 668.23(e)(1)(ii) give it the authority to collect certain information from the single audit in order for ED to carry out its oversight responsibilities with regard to improper payments. Therefore, when auditors are testing the SFA cluster as a major program, auditors must prepare the information described below in

items 1, 2, and 3. See specific guidance below related to ED's request for the information in item 4.

Auditors must provide this information directly to Federal Student Aid, Director, Financial Management Group, at FSAPellandDLReporting@ed.gov, no later than 60 days after the Data Collection Form and reporting package are submitted to the Federal Audit Clearinghouse. A template is available on the following ED website to facilitate communication of this information:
https://www2.ed.gov/about/offices/list/ocfo/fipao/improper-payments.html.

1. For audit procedures related to tests that may identify improper payments disbursements and returns of Pell funds (i.e., tests related to Eligibility, Cash Management, Verification, Disbursements to or on Behalf of Students, Return of Title IV Funds, and Distance Education), the auditor must provide the following if these procedures are tested at the student-level:

    a. A description of each sample drawn and details of the sample, including the number of sampled students that received Pell funds and amount of Pell funds disbursed to these sampled students for the period tested;

    b. The number of students that received Pell funds and amount of Pell funds disbursed for the population from which the sample was drawn for the period tested by sample drawn.

    If these procedures (i.e., tests related to Eligibility, Cash Management, Verification Disbursements to or on Behalf of Students, Return of Title IV Funds, and Distance Education), are **not** tested at the student-level, the auditor must provide the following:

    a. A description of each sample drawn and details of the sample, including the amount of Pell funds sampled for the period tested;

    b. The amount of Pell funds disbursed for the population from which the sample was drawn for the period tested by sample drawn.

    For samples and populations related to Return of Title IV Funds, the total Pell disbursed to the students is required even though the Return of Title IV Funds questioned costs identified from testing of the sample are based on the refunds.

    If samples were drawn by Office of Postsecondary Education Identification (OPEID) number, provide the sample and population details by OPEID number (an eight-digit number). If this information is not available by OPEID, provide the aggregated sample and population amounts for the institution as a whole. If there is overlap in the samples and/or populations between compliance requirements and/or OPEIDs, provide the number of students and amount of Pell funds disbursed that overlap. For example, if the same sample is used for both disbursements and eligibility, the auditor would add

narrative to the "#" and "$" columns indicating that only one sample was selected for both disbursements and eligibility.

			Sample (s)	**Sample(s)**	**Population for Each Sample**	**Population for Each Sample**
Sample Description	Related Compliance Requirement(s)	OPEID	Students Receiving Pell (#)	Pell Disbursed ($)	Students Receiving Pell (#)	Pell Disbursed ($)

2. For audit procedures related to tests that may identify improper payment disbursements and returns of Direct Loan funds (i.e., tests related to Eligibility, Cash Management, Verification, Disbursements to or on Behalf of Students, Return of Title IV Funds, and Distance Education), the auditor must provide the following if these procedures are tested at the student-level:

   a. A description of each sample drawn and details of the sample, including the number of sampled students that received Direct Loan funds and amount of Direct Loan funds disbursed to these sampled students for the period tested;

   b. The number of students that received Direct Loan funds and amount of Direct Loan funds disbursed for the population from which the sample was drawn for the period tested by sample drawn.

   If these procedures (i.e., tests related to Eligibility, Cash Management, Verification Disbursements to or on Behalf of Students, Return of Title IV Funds, and Distance Education), are **not** tested at the student-level, the auditor must provide the following:

   a. A description of each sample drawn and details of the sample, including the amount of Direct Loan funds sampled for the period tested;

   b. The amount of Direct Loan funds disbursed for the population from which the sample was drawn for the period tested by sample drawn.

   For samples and populations related to Return of Title IV Funds, the total Direct Loan disbursed to the students is required even though the Return of Title IV Funds questioned costs identified from testing of the sample are based on the refunds.

   If samples were drawn by OPEID number, provide the sample and population details by OPEID number (an eight-digit number). If this information is not available by OPEID, provide the aggregated sample and population amounts for the institution as a whole. If there is overlap in the samples and/or populations between compliance requirements and/or OPEIDs, provide the number of students and amount of Direct Loan funds disbursed that overlap. For example, if the same sample is used for both disbursements and eligibility, the auditor would add narrative to the "#" and "$" columns indicating that only one sample was selected for both disbursements and eligibility.

			Sample(s)	Sample(s)	Population For Each Sample	Population For Each Sample
Sample Description	Related Compliance Requirement	OPEID	Students Receiving Direct Loan (#)	Direct Loan Disbursed ($)	Students Receiving Direct Loan (#)	Direct Loan Disbursed ($)

3. For each finding related to disbursements or returns of Pell and/or Direct Loans, the auditor must provide the portion of the finding that relates to the Pell and Direct Loan programs, respectively, by unique sampled student and OPEID combination. The amounts should represent the difference between the amount of Pell and/or Direct Loan funds that should have been disbursed or returned and the actual amount of funds disbursed or returned, regardless of whether the noncompliance was subsequently corrected by the institution after the error was identified as part of the audit. Also, provide the amount of Pell and Direct Loans disbursed to the students in question. Assign a unique identifier for each student (e.g., Student 1, Student 2) identified. Do not use the institutionally assigned number or Social Security Number.

Finding Number, and Related Sample	Related Compliance Audit Requirement	Student Identifier	OPEID	Pell Disbursed ($)	Pell Under-payment ($)	Pell Over-payment ($)	Direct Loan Disbursed ($)	Direct Loan Under-payment ($)	Direct Loan Over-payment ($)

Although auditors are not required to report all noncompliance as audit findings for amounts below $25,000, ED requests that the following information also be provided for noncompliance that was not reported as an audit finding. Although providing this information is optional, including it may reduce the potential for subsequent information requests in accordance with Uniform Guidance 2 CFR 200.517(b) and Title IV regulations at 34 CFR 668.23(e)(1)(ii). This information should be sent to FSAPellandDLReporting@ed.gov.

If any instances of noncompliance relating to disbursements or returns of Pell and/or Direct Loan funds are identified but not reported as audit findings, because they did not meet the reporting thresholds at 2 CFR 200.516(a)(3), provide a summary of the noncompliance and amount of over or underpayment of Pell and/or Direct Loan by student using instructions in item three above. These amounts should represent the difference between the amount of Pell and/or Direct Loans that should have been awarded or returned and the actual amount of funds awarded or returned, regardless of whether the error was subsequently corrected. Also, provide the amount of Pell and Direct Loans disbursed to the affected students for the period reviewed. Assign a

unique identifier for each student (e.g., Student 1, Student 2) identified. Do not use the institutionally assigned number or Social Security Number.

Finding Number, and Related Sample	Related Compliance Audit Requirement	Student Identifier	OPEID	Pell Disbursed ($)	Pell Under-payment ($)	Pell Over-payment ($)	Direct Loan Disbursed ($)	Direct Loan Under-payment ($)	Direct Loan Over-payment ($)

A. Activities Allowed or Unallowed

SFA funds can be awarded only to students enrolled in eligible programs or eligible coursework (e.g., preparatory coursework). Some eligible programs are listed on an institution's Eligibility and Certification Approval Report (ECAR). Other programs are eligible without obtaining ED's approval in advance or being listed on the ECAR if they lead to an associate, baccalaureate, professional, or graduate degree (as long as the institution is already approved to offer education at that level) or are at least eight semester hours, 12 quarter hours, or 300 clock hours offered during a minimum of 10 weeks of instruction, and the institution does not meet any of the limitations outlined in the *FSA Handbook*, Volume 2, Chapter 5 and below (34 CFR 600.10(c)(2)). The institution must always report a program, and ED must always determine the program's eligibility, when:

- the institution has been provisionally certified,
- the institution is receiving funds under heightened cash monitoring,
- progress in the program is measured by direct assessment (unless ED has previously approved a direct assessment program at the institution at the same level of offering),
- the institution is subject to the two-year rule under 34 CFR 600,
- the program is a comprehensive transition and postsecondary program,
- it is an undergraduate program of 300–599 clock hours and admits as regular students those who have not completed the equivalent of an associate degree (i.e., a short-term program), or
- ED has informed the institution that it must request approval before adding additional programs.

Before it self-certifies, these programs to be eligible and disburses funds to enrolled students, the institution must have received both the required state and accrediting agency approvals. For new gainful employment programs, the institution must update the ECAR within 10 days of providing Title IV aid to students in the program (34 CFR 600.21(a)(11)).

SFA funds can be used for making awards to students, for administration of the programs, and other allowable uses for specific programs as follows.

The Federal Work-Study, Federal Supplemental Educational Opportunity Grant, Health Professions Student Loans/Primary Care Loans /Loans for Disadvantaged Students, and Nurse Faculty Loan program. Allow for certain activities as follows:

1. *Federal Work-Study (Assistance Listing 84.033)*

   The institution may use FWS funds only for awards to students, a Job Location and Development (JLD) Program, Work-Colleges Program (as defined in 34 CFR 675.41(a)), administrative costs, and transfers of up to 25 percent of an institution's allocation to FSEOG (34 CFR 675.18 and 675.33).

   Note: Under Section 3503 of the CARES Act, a school is permitted to transfer up to 100 percent of its unexpended FWS allocation to FSEOG through the end of the payment period that includes the last date that the COVID-19 national emergency is in effect, which began on March 13, 2020.

2. *Federal Supplemental Educational Opportunity Grant (Assistance Listing 84.007)*

   An institution may transfer up to 25 percent of its FSEOG financial allotment to the institution's FWS program (Section 488 of HEA (20 USC 1095)).

3. *Health Professions Student Loans/Primary Care Loans /Loans for Disadvantaged Students (Assistance Listing 93.342) and Nursing Student Loans (NSL) (Assistance Listing 93.364)*

   Funds from both programs may also be used for capital distribution as provided in sections 728 and 839, or, as agreed to by the secretary of HHS for costs of litigation; costs associated with membership in credit bureaus and, to the extent specifically approved by the secretary, for other collection costs that exceed the usual expenses incurred in the collection of loan funds (HPSL/PCL/LDS, 42 CFR 57.205(a); NSL, 42 CFR 57.305(a)).

4. *Nurse Faculty Loan Program (NFLP) (Assistance Listing 93.264)*

   Funds may be used for capital distribution under Section 846A of the PHS Act, Title VIII, as further amended by the Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, Section 5311 or, as agreed to by the secretary of HHS for costs of litigation; costs associated with membership in credit bureaus and, to the extent specifically approved by the secretary, for other collection costs that exceed the usual expenses incurred in the collection of NFLP loan funds.

C. Cash Management

SFA Title IV Programs: An institution requests funds from ED under the advance, reimbursement, or heightened cash monitoring payment methods. ED has sole discretion

to determine the method an institution must use to request funds. An institution's Program Participation Agreement will indicate whether the institution has been placed on the reimbursement or heightened cash monitoring payment method. An institution could have had more than one Program Participation Agreement during a given payment period in that it could have been placed on or taken off of the reimbursement or heightened cash monitoring payment method at any point during the fiscal year.

The advance payment method is the most widely used method for requesting funds. It permits, but does not require, institutions to draw down Title IV funds prior to disbursing funds to eligible students and parents, or for other allowable activities. The institution's request must not exceed the amount it immediately needs for disbursements the institution has made or will make to eligible students or parents, or for other allowable activities. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either Title IV funds or institutional funds used in advance of drawing down federal funds. The institution must make the disbursements as soon as administratively feasible, but no later than three business days following the receipt of funds (34 CFR 668.162(b)(3)).

ED considers excess cash to be any amount of Title IV funds, other than Perkins Loans funds, because Perkins Loans are no longer made to students, that an institution does not disburse to students or parents by the end of the third business day following the date the institution (1) received those funds from ED or (2) deposited or transferred to its depository account previously disbursed Title IV funds received from ED, such as those resulting from award adjustments, recoveries, or cancellations (34 CFR 668.166(a)). However, an excess cash balance tolerance is allowed if that balance (1) is less than 1 percent of its prior-year drawdowns and (2) is eliminated within the next seven calendar days (34 CFR 668.166(a) and (b)). Aggregate interest earnings greater than $500 must be remitted to the HHS no later than 30 days after the end of the award year (34 CFR 668.163(c)(3)).

Under the reimbursement payment method, an institution must credit a student's ledger account for the amount of Title IV program funds that the student or parent is eligible to receive and pay the amount of any credit balance due under 34 CFR 668.164(h), before the institution seeks reimbursement from the secretary for those disbursements. An institution seeks reimbursement by submitting to the secretary a request for funds that does not exceed the amount of the disbursements the institution has made to students or parents included in that request using Form 270 (OMB 1845-0089).

As part of its reimbursement request, the institution must (1) identify the students or parents for whom reimbursement is sought; and (2) submit to the secretary, or an entity approved by the secretary, documentation that shows that each student or parent included in the request was eligible to receive and has received the Title IV program funds for which reimbursement is sought and that the student was paid directly any credit balance due under section 668.164(h).

The secretary will not approve the amount of the institution's reimbursement request for a student or parent and will not initiate an EFT of that amount to the depository account

designated by the institution, if the secretary determines with regard to that student or parent, and in the judgment of the secretary, that the institution has not (1) accurately determined the student's or parent's eligibility for Title IV program funds; (2) accurately determined the amount of Title IV program funds disbursed, including the amount paid directly to the student or parent; and (3) submitted the required documentation. (See 34 CFR 668.162(c) for full requirements.)

Under the heightened cash monitoring payment method, the institution must credit a student's ledger account for the amount of Title IV program funds that the student or parent is eligible to receive and pay the amount of any credit balance due under 34 CFR 668.164(h) before the institution submits a request for funds from ED subject to the requirements at 34 CFR 668.162(d), as summarized below.

There are two types of heightened cash monitoring—Heightened Cash Monitoring 1 and Heightened Cash Monitoring 2. Under Heightened Cash Monitoring 1, an institution may request funds under the advance payment method with requests limited to the amount actually disbursed to students. Heightened Cash Monitoring 2 is similar to the reimbursement method of requesting funds except that Heightened Cash Monitoring 2 does not require the same level of documentation to support the request for funds. An institution placed on Heightened Cash Monitoring 2 cannot simply draw down funds as an Heightened Cash Monitoring 1 institution can. After it makes disbursements to students and parents from institutional funds, it must submit a payment request to ED and include a completed Form 270 (OMB 1845-0089). It must also include a completed data spreadsheet that identifies the students and parents for whom it is seeking reimbursement. This must be in the format specified by ED, which may tailor the documentation requirements for institutions on a case-by-case basis. Finally, the institution must include documentation that each student and parent included in the request was eligible to receive and did receive the funds for which reimbursement is sought.

(See Chapter 1, "Requesting & Managing FSA Funds" in Volume 4, of the *FSA Handbook,* for guidance on the funding methods. The handbook may be accessed at: https://fsapartners.ed.gov/knowledge-center/fsa-handbook.)

Institutions request funds from ED by (1) creating a payment request using the G5 System through the Internet; or (2) if the grantee is placed on the reimbursement or Heightened Cash Monitoring 2 payment method, submitting a Form 270, *Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2) (OMB No. 1845-0089)* to an ED program or regional office through ED's Common Origination and Disbursement (COD) System. For institutions not on the reimbursement or Heightened Cash Monitoring 2 payment methods, when creating a payment request in G5, the grantee enters the drawdown amounts, by award, directly into G5. Institutions not on reimbursement or Heightened Cash Monitoring 1 or 2 can redistribute drawn amounts between grant awards by making adjustments in G5 to reflect actual disbursements for each award as long as the net amount of the adjustments is zero.

To assist institutions in reconciling their internal accounting records with the G5 System, using their DUNS (Data Universal Numbering System) number, institutions can obtain a

G5 External Award Activity Report (https://www.g5.gov/; under the "Payment" tab) showing cumulative and detail information for each award. The External Award Activity Report can be created with date parameters (Start and End Dates) and viewed on-line. To view each draw per award, the G5 user may click on the award number to view a display of individual draws for that award. Auditors will need to work with the institution being tested to obtain access to G5. Note: ED will be transitioning from the DUNS 9-digit number to the Unique Entity Identifier (UEI), a 12-character, alphanumeric identifier, by April 2022. The General Services Administration (GSA) is leading this effort to replace the DUNS with the UEI for the Federal Government using their SAM.gov system.

For the HHS programs, requests for new FCC must only be made when needed. Any monies associated with the fund must be deposited in an income-producing account and all excess cash, including interest earned in excess of $500 in the aggregate, must be returned to HHS.

For Health Professions Student Loans (HPSL)/Primary Care Loans (PCL)/Loans for Disadvantaged Students (LDS), and Nursing Student Loans (NSL), the institution must maintain all monies relating to each individual fund in interest bearing accounts. If the institution integrates the funds with other institution resources for investment purpose, the institution must maintain separate accountability and reimburse the funds for any losses that occur (HPSL/PCL/LDS 42 CFR 57.203 and 57.205; NSL, 42 CFR 57.303 and 57.305).

For NFLP (Assistance Listing 93.294), the institution must maintain all monies relating to each individual fund in interest-bearing accounts. Any monies associated with the fund must be deposited in an income-producing account and all excess cash, including any interest earned in excess of $500 in the aggregate, must be returned to HHS. Unused loan funds should be retained in the loan fund for making additional loans. However, unused NFLP funds must be used within 18 calendar months from the end of the NFLP designated budget period. The unused accumulation (cash balance) in the NFLP fund must be reported annually. The NFLP loan fund may be voluntarily or involuntarily terminated if the unused accumulation is deemed excessive. If an institution is determined to have an excessive unused accumulation, future awards may be affected (Program Guidance, Overview of Institutional Management of NFLP Funds https://bhw.hrsa.gov/funding/schools-manage-loan-programs).

E. Eligibility

1. Eligibility for Individuals

a. Most of the requirements for student eligibility are contained in Appendix A (located after Section IV, "Other Information," of this Part 5).

In the process of a student applying for ED federal financial aid, an ISIR is sent electronically to the institution and a SAR, or information on how to access the SAR, is sent to the student. The original ISIR or SAR for an award year may contain codes that relate to student eligibility

requirements numbers 2, 4, 5, 9, 10, and 12 in Appendix A. If the original ISIR or SAR does not contain codes relating to those eligibility requirements, and the institution has no information indicating otherwise, the student can be considered to have met them. The *ISIR Guide* contains all the ISIR and SAR codes and is available at The ISIR Guide, 2021-2022 - July 2020 (ed.gov). The ISIR Guide changes annually and should be obtained and reviewed for the period under audit.

(1) *Calculation of Benefits*

In addition to the requirements and limits described below, awards must be coordinated among the various programs and with other federal and nonfederal aid (need and non-need based aid) to ensure that total aid is not awarded in excess of the student's financial need or cost of attendance (34 CFR 668.42, FWS, and FSEOG, 34 CFR 673.5 and 673.6; Direct Loan, 34 CFR 685.301). The TEACH Grant is a non-need-based grant and may replace a student's EFC, but the amount of the grant that exceeds the student's EFC is considered estimated financial assistance (34 CFR 686.21(d)). An IASG-eligible student who has an EFC that does not meet the need-based criteria for a Pell grant can receive a non-need-based IASG, but the (1) award may not exceed the student's cost of attendance (COA) and (2) IASG is not considered estimated financial assistance (20 USC 1070h).

The determination of need-based SFA award amounts is based on financial need. Financial need is generally defined as the student's COA minus financial aid awarded to the student. For Title IV programs, the first financial aid available is the EFC that is computed by the central processor and included on the student's SAR and the ISIR provided to the institution.

An institution may (1) exclude from both estimated financial assistance and the COA, financial assistance provided by a state if that assistance is designated by the state to offset a specific component of the COA; (2) include the one-time cost of a student obtaining his or her first professional license or certificate; and (3) include a limited allowance for room and board in a student's COA for students who are less than half-time students. In this context, a limited allowance for room and board is an allowance for up to three semesters (or equivalent), with no more than two of the semesters being consecutive at any one institution (sections 480(j)(3), 472(13), and 472(4)(C) of HEA; [20 USC 1087vv(j)(3), 20 USC 1087ll(13) and (4)(C)]).

For Title IV programs, the COA is generally the sum of the following: tuition and fees; an allowance for books, supplies,

transportation, and miscellaneous personal expenses; an allowance for room and board; when applicable, allowances for costs for dependent care; costs associated with study abroad and cooperative education; costs related to disabilities; and fees charged for student loans. There are exceptions for students attending less than half-time, correspondence students, and incarcerated students. The financial aid administrator also has authority to use professional judgment to adjust the COA or alter the data elements used to calculate the EFC on a case-by-case basis to allow for special circumstances.

A crossover payment period is one that includes both June 30 and July 1 overlapping two award years. If a student enrolls in a crossover payment period, the institution must consider the crossover payment period to occur entirely within one award year and must have a valid SAR or valid ISIR for the selected award year. The choice of which award year the institution assigns to a crossover payment period ("header" or "trailer") must be outlined in the institution's Pell Grant crossover payment period policy and can be made on a student-by-student basis. The crossover payment period may be assigned to a different award year for Pell Grant purposes than the award year used for the student's other Title IV aid for that period. See Volume 3 of the *FSA Handbook* for additional information on crossover payment periods.

Additional program specific individual eligibility requirements can be found at the following: *20 USC 1087ll-1087mm; FWS, 34 CFR section 675.9; FSEOG, 34 CFR section 676.9; Direct Loan, 34 CFR sections 685.200 and 301; Pell, 34 CFR section 690.75; HPSL/PCL/LDS, 42 USC 293a(d)(2); 42 CFR section 57.206(b); NSL, 42 USC 297n-1(c)(2); 42 CFR section 57.306(b)); NFLP, Affordable Care Act, Section 5311 and Program Guidance*.

(2) *Federal Pell Grant (Assistance Listing 84.063)*

Each year, based on the maximum Pell Grant established by Congress, ED provides to institutions Payment and Disbursement Schedules for determining Pell awards. The Payment Schedule provides the maximum scheduled award a student would receive for a full academic year as a full-time student based on their EFC and COA. The Disbursement Schedules are used to determine annual awards for full-time, three-quarter time, half-time, and less-than-half-time students. All Schedules, however, are based on the COA of a full-time student for a full academic year (see Chapter 3 in Volume 3, Calculating Pell and Iraq & Afghanistan Service Grant Awards, of the *FSA Handbook* for the year(s) being audited for guidance on selecting formulas for calculating cost of

attendance, prorating costs for programs less or greater than an academic year, and determining payment periods). Disbursement schedules for 2020–2021 and 2021–2022 award years can be found at the following links: https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2020-01-31/2020-2021-federal-pell-grant-payment-and-disbursement-schedules; and, https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2021-01-22/2021-2022-federal-pell-grant-payment-and-disbursement-schedules. Students that receive Pell or IASG may not receive more than six Scheduled Awards (12 semesters, or the equivalent) as measured by the percentage of "lifetime eligibility used" (LEU) field in COD (tracked by ED) (20 USC 1070a(c)(5)). The LEU maximum percentage for student eligibility is 600 percent.

The steps to determine Pell awards are as follows:

(a) Determine the student's enrollment status (full-time, three-quarter time, half-time, or less than-half-time) in accordance with the requirements under definitions of those terms in 34 CFR 668.2(b). Note that for nonterm credit and clock hour programs, students are always considered to be full-time for Pell Grant purposes except to the extent that fewer cost of attendance components are included in the calculation of a Pell Grant award for less-than-half-time students (see Chapter 3 in Volume 3, Calculating Pell and Iraq & Afghanistan Service Grant Awards, of the *FSA Handbook* for more information). There are also special considerations for determining enrollment status for students enrolled in correspondence courses, as described under 34 CFR 690.8.

(b) Calculate the cost of attendance. This is always based on the cost for a full-time enrollment status for a full academic year. If the student is enrolled in a program or enrollment period that is longer or shorter than an academic year, the costs must be prorated so that they apply to one full academic year. There are two allowable proration methods. Costs can be on an actual cost-per-student basis or an average cost for groups of similar students. If the student is enrolled less than half-time, the only allowable cost components are tuition and fees, allowance for books and supplies, transportation allowance, allowance for dependent care, and room and board for a limited duration.

(c) Determine the annual award, based on the cost of attendance calculated above and the EFC, from the Payment and Disbursement Schedule for the student's enrollment status (i.e., full-time, three quarter-time, half-time, or less than half-time).

(d) Determine the payment period. For term programs (semester, trimester, quarter), the payment period is the term.

(e) Calculate the payment for the payment periods. The calculation of the payment for the payment period may vary depending on the formula used, the length of the program compared to the academic year, and whether the institution uses an alternative calculation for students who attend summer terms or for students enrolled in correspondence courses (34 CFR 690.62 through 690.66. Also see Chapter 3 in Volume 3, Calculating Pell and Iraq & Afghanistan Service Grant Awards, of the *FSA Handbook*).

(f) Disburse funds at prescribed times (this is tested under III.N. 2, "Special Tests and Provisions - Disbursements To or On Behalf of Students") (34 CFR 690.61 through 690.66, and 690.75 through 690.76; Pell Grant Payment Schedules; General Provisions regulations, part 668, subpart K, and *FSA Handbook*).

Additional Pell Grant Award Eligibility

Under the Year Round Pell Grant provisions, to be eligible for the additional Pell Grant funds, the student must be otherwise eligible to receive Pell Grant funds for the payment period and must be enrolled at least half-time, in accordance with 34 CFR 668.2(b), in the payment period(s) for which the student receives the additional Pell Grant funds in excess of 100 percent of the student's Pell Grant Scheduled Award.

For a student who is eligible for the additional Pell Grant funds, the institution must pay the student all of the student's eligible Pell Grant funds, up to 150 percent of the student's Pell Grant Scheduled Award for the award year. Note that the provisions of the new law state that any Pell Grant received will be included in determining the student's Pell Grant duration of eligibility and Lifetime Eligibility Used (LEU) in accordance with section 401(c)(5) of the HEA (also see Dear Colleague Letter GEN-13-14 at https://fsapartners.ed.gov/knowledge-center/library/dear-

colleague-letters/2013-05-16/gen-13-14-subject-federal-pell-grant-duration-eligibility-and-lifetime-eligibility-used).

(3) *Postsecondary Education Scholarships for Veteran's Dependents (Iraq and Afghanistan Service Grant) (Assistance Listing 84.408)*

A non-Pell eligible student whose parent or guardian died as a result of US military service in Iraq or Afghanistan after September 11, 2001, can receive an IASG grant. The student must have been less than 24 years old or, if 24 years old or older, enrolled in at an institution of higher education when the parent or guardian died. The amount of the grant is specified by ED annually. All other Pell requirements apply but, unlike Pell Grants, these non-need-based grants do not count as estimated financial assistance (20 USC 1070h; *FSA Handbook*, Volume 1, Chapter 6; and electronic announcement dated November 6, 2009 (https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2009-11-06/general-subject-operational-implementation-increased-title-iv-student-assistance-children-certain-deceased-members-us-military).

(4) *Campus-Based Programs (FWS, FSEOG) (Assistance Listing 84.033, Assistance Listing 84.007)*

The maximum amount that can be awarded under the campus-based programs is equal to the student's financial need (COA minus EFC) minus aid from other SFA programs and other resources. For programs of study or enrollment periods less than or greater than an academic year, the COA for loans and campus-based aid is based on the student's actual costs for the period for which need is being analyzed, rather than being prorated to the costs for a full-time student for a full academic year. The financial aid administrator has discretion in awarding amounts from each program, subject to certain limitations.

The FSEOG program provides grants to eligible undergraduate students who have not previously earned a bachelor's or first professional degree. Priority is given to Pell Grant recipients who have the lowest expected family contributions. The institution decides the amount of the grant, which can be up to $4,000 but not less than $100, for an academic year. The maximum amount may be increased to $4,400 for a student participating in a study abroad program that is approved for credit by the student's home institution (34 CFR 676.10 and 676.20).

(5) *TEACH Grants (Assistance Listing 84.379)*

The TEACH Grant is a non-need-based grant that provides annual grants of up to $4,000 to eligible undergraduate and graduate students who agree to teach specified high-need subjects at an elementary school, secondary school, or educational service agency serving primarily disadvantaged populations for four years within eight years of graduation. The aggregate amount of TEACH Grants that a student may receive for undergraduate or post-baccalaureate study may not exceed $16,000. The aggregate amount that a graduate student may receive may not exceed $8,000. If the student is enrolled less than full-time, including less than half-time, the amount of the annual TEACH Grant that he or she may receive must be reduced in accordance with 34 CFR 686.21. The amount of the TEACH Grant, in combination with other assistance the student may receive, may not exceed the cost of attendance. If the TEACH Grant and other aid exceeds the cost of attendance for an academic year, the student's aid package must be reduced. The TEACH Grant may replace a student's EFC, but the amount of the grant that exceeds the student's EFC is considered estimated financial assistance (34 CFR 686.21).

(6) *Direct Loans (Assistance Listing 84.268)*

In determining loan amounts for Direct Subsidized Loans, the financial aid administrator subtracts from the COA, the EFC, and the estimated financial assistance for the period of enrollment that the student (or parent on behalf of the student) will receive from federal, state, institutional or other sources. Direct Unsubsidized Loans, Direct PLUS Loans, TEACH Grants, loans made by an institution to assist the student, and state-sponsored loans may be used to replace the EFC (34 CFR 685.102(b)). A financial aid administrator may use professional judgment to offer a Direct Unsubsidized Loan (but no other Title IV aid) to a dependent student whose parents do not support the student and who refuse to complete a FAFSA (20 USC 1087(a)).

The annual loan limits apply to the length of the institution's academic year. Except for Direct PLUS loans and Direct Unsubsidized Loans made to graduate or professional students, proration of the annual loan limit is required when a program is less than an academic year as measured in either clock hours or credit hours or number of weeks; or when a program exceeds an academic year but the remaining portion of the program is less than an academic year in length. For the purpose of determining annual loan limits for a borrower who received an associate or bachelor's degree and has re-enrolled in another eligible program

for which the prior degree is a prerequisite, the grade level determination includes the number of years that a student has completed in the previously completed program of undergraduate study.

Annual Limits for Direct Subsidized Loans and Direct Unsubsidized Loans

Direct Subsidized Loans and Direct Unsubsidized Loans have annual loan limits that vary based on the student's grade level and (for Direct Unsubsidized Loans) dependency status (34 CFR 685.203). The annual loan limit is the maximum amount that a student may receive for an academic year.

For undergraduate students there is a combined annual loan limit for Direct Subsidized Loans and Direct Unsubsidized Loans, of which not more than a specified amount may be comprised of Direct Subsidized Loans ("annual subsidized maximum").

For dependent undergraduate students (excluding dependent undergraduates whose parents are unable to borrow Direct PLUS Loans), the combined Direct Subsidized Loan and Direct Unsubsidized Loan annual loan limits are (34 CFR 685.203(a) and (b):

- $5,500 for **dependent first-year undergraduates**, not more than $3,500 of which may be subsidized:
- $6,500 for **dependent second-year undergraduates**, not more than $4,500 of which may be subsidized; and
- $7,500 for **dependent third-, fourth-, and fifth-year undergraduates**, not more than $5,500 of which may be subsidized.

For independent undergraduate students (and for dependent undergraduate students whose parents are unable to obtain Direct PLUS Loans), the annual loan limits are (34 CFR 685.203(a) and (c):

- $9,500 for **independent first-year undergraduates**, not more than $3,500 of which may be subsidized;
- $10,500 for **independent second-year undergraduates**, not more than $4,500 of which may be subsidized; and

- $12,500 for **independent third-, fourth-, and fifth-year undergraduates**, not more than $5,500 of which may be subsidized.

Note that the annual subsidized maximum is the same for both dependent and independent undergraduate students. However, the combined subsidized/unsubsidized annual loan limits are higher for independent undergraduates and for dependent undergraduates whose parents are unable to borrow Direct PLUS Loans.

An undergraduate student who is not eligible for a Direct Subsidized Loan may receive up to the total combined subsidized/unsubsidized annual loan limit in Direct Unsubsidized Loans.

For undergraduate students, the annual loan limit must be prorated if the student is enrolled in a program (or in the remaining portion of a program) that is less than an academic year in length. (For details on loan proration requirements, see Volume 3, Chapter 5, of the *FSA Handbook*. The *FSA Handbook* is available at https://fsapartners.ed.gov/knowledge-center/fsa-handbook.)

For graduate and professional degree students, there is an annual loan limit only for Direct Unsubsidized Loans (graduate and professional students are not eligible to receive Direct Subsidized Loans). The annual loan limit for graduate and professional students is $20,500 in Direct Unsubsidized Loans (34 CFR 685.203(b)(2)(iii) and 685.203(c)(2)(v)).

There are higher Direct Unsubsidized Loan annual loan limits for graduate and professional students who are enrolled in certain health professions programs. (For details on the increased annual loan limits for certain health professions students, see Volume 3, Chapter 5, of the *FSA Handbook*. The *FSA Handbook* is available at https://fsapartners.ed.gov/knowledge-center/fsa-handbook.)

Aggregate Loan Limits for Direct Subsidized Loans and Direct Unsubsidized Loans

Under 34 CFR 685.203(d) and (e) the aggregate loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans (a borrower's maximum allowable outstanding loan debt, excluding capitalized interest, but including amounts borrowed under the Federal Family Education Loan program prior to 2010) are:

- $31,000 for **dependent undergraduate students** (except for dependent students whose parents are unable to borrow

Direct PLUS Loans), not more than $23,000 of which may be subsidized;

- $57,500 for **independent undergraduate students** (and for dependent students whose parents are unable to borrow Direct PLUS Loans, not more than $23,000 of which may be subsidized; and

- $138,500 for **graduate and professional students**, not more than $65,500 of which may be subsidized The total $138,500 limit includes loans for undergraduate study. The $65,500 subsidized maximum includes subsidized loans received for undergraduate study and subsidized loans received by graduate and professional students for periods of enrollment beginning before July 1, 2012, when graduate and professional students were eligible to receive subsidized loans.

Direct PLUS (PLUS)

Direct PLUS Loans are available to parents of dependent undergraduate students and to graduate and professional students (34 CFR 685.200(b) and (c)(2)). A parent or graduate/professional student with an adverse credit history is prohibited from obtaining a Direct PLUS Loan unless he or she meets additional criteria. A parent must meet the same citizenship and residency requirements as a student. Similarly, a parent who owes a refund on an SFA grant or is in default on an SFA loan is ineligible for a PLUS loan unless satisfactory arrangements have been made to repay the grant or loan.

There are no fixed annual or aggregate loan limits for Direct PLUS Loans. A Direct PLUS loan may not exceed the student's estimated cost of attendance minus other financial aid awarded during the period of enrollment for that student (34 CFR 685.101(b), 685.200, and 34 CFR 685.203(f), (g), (h) and (j) also apply).

b. *HHS Programs*

In determining the financial resources available for the HHS programs, the institution must use one of the need analysis systems or any other procedures approved by the secretary of education. The institution must also take into account other information that it has regarding the student's financial status. For the HHS programs, the costs reasonably necessary for the student's attendance include any special needs and obligations which directly affect the student's ability to attend the institution. The institution

must document the criteria used for determining these costs (HPSL, PCL, and LDS, 42 CFR 57.206; NSL, 42 CFR 57.306(b)); NFLP, Affordable Care Act, Section 5311, and Program Guidance).

Health Professions Student Loans/Primary Care Loans)/Loans for Disadvantaged Students (Assistance Listing 93.342), Nursing Student Loans (Assistance Listing 93.364)

For periods prior to November 13, 1998, the total amount of HPSL/PCL/LDS loans made to a student for a school year may not exceed $2,500 plus the cost of tuition (42 CFR 57.207). For students who are applying for a HPSL/PCL/LDS loan, the institution must make its selection based on the order of greatest financial need, taking into consideration the other resources available to the student. The resources may include summer earnings, educational loans, veteran (GI) Benefits, and earnings during the institution year (HPSL/PCL/LDS, 42 CFR 57.206(c)). For periods after November 13, 1998, the total amounts of HPSL/PCL/LDS loans to a student for an institution year may not exceed the cost of attendance (including tuition, other reasonable educational expenses, and reasonable living expenses). The amount of the loan may, in the case of the third or fourth year of a student at an institution of medicine or osteopathic medicine, be increased to pay balances of loans that were made to the individual for attendance at the institution (42 CFR 57.210; Pub. L. No. 105-392, 134 (1) and (2)). The total amount of NSL loans made to a student for an academic year may not exceed $3,300 except that for each of the final two academic years of the program the total must not exceed $5,200. The total of all NSL loans may not exceed $17,000 (Section 5202 (a) of the Affordable Care Act).

(1) *Nurse Faculty Loan Program (NFLP) (Assistance Listing 93.264)*

The total amount of NFLP loans made to a student for an institution year may not exceed $35,500 for a maximum of five years to support the cost of tuition, fees, books, laboratory expenses and other reasonable education expenses. NFLP loans do not include stipend support (i.e., living expenses, student transportation cost, room/board, personal expenses). For students who are applying for a NFLP loan, the student must be enrolled full-time or part-time in an eligible graduate (master's and doctoral) nursing education program at the institution. The institution must make its selection of NFLP student applicants to receive loan funds by taking into consideration the other resources available to the student. Section 847(f) added a funding priority for sections 847 and 846A of the PHS Act. This funding priority is awarded to the institution of nursing student loan funds that support doctoral nursing students. Institutions that receive the doctoral funding priority should fund new doctoral student

applicants ahead of new master's student applicants (Title VIII, Section 846A, PHS Act, as amended by the Patient Protection and Affordable Care Act of 2010, Pub. L. No.111-148, Section 5311).

(2) *Scholarships for Disadvantaged Students (Assistance Listing 93.925)*

Individual student awards must be at least 50 percent of the student's annual tuition costs. The maximum amount of $30,000 must be awarded for students whose tuition is more than $60,000; however, no student can be awarded SDS funds greater than $30,000 in a given year. Scholarships will be awarded by institutions to any full-time student who is from a disadvantaged background; has a financial need for a scholarship; and is enrolled (or accepted for enrollment) in a program leading to a degree in a health profession or nursing. Such scholarships may be expended only for tuition expenses, other reasonable educational expenses, and reasonable living expenses incurred in the attendance of such institution (42 USC 293a; Section 737, PHS Act).

2. Eligibility for Group of Individuals or Area of Service Delivery

Not Applicable

3. Eligibility for Subrecipients

Not Applicable

L. Reporting

1. Financial Reporting

a. *SF-270, Request for Advance or Reimbursement (Form 270, Request for Title IV Reimbursement or Heightened Cash Monitoring 2 [OMB No. 1845-0089])* – Applicable to ED programs (using the G5 System). Any institution on the Reimbursement or Heightened Cash Monitoring (HCM2) funding methods must complete a Form 270 and submit it with each claim when requesting reimbursement of Title IV funds. Institutions can submit one form for all Title IV programs request/authorization. An ED Method of Payment analyst would ensure that each Form 270 is:

- Completed appropriately for the funds requested on the student spreadsheet
- Includes President/Owner/Chief Executive Officer Certification with signature and date

- Includes Comptroller or Third-Party Servicer Certification with signature and date

- For institutions on either HCM2 or Reimbursement funding, auditors are supposed to select a sample of HCM2 or Reimbursement requests submitted to ED for payment.

b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable

c. *SF-425*, *Federal Financial Report* – Not Applicable for ED programs; Applicable for HHS programs

d. *Common Origination and Disbursement (COD) System (OMB No. 1845-0039*.

SFA – Title IV Programs

Institutions submit Direct Loan, Pell Grant, TEACH Grant, and IASG origination records and disbursement records to the COD system. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. An institution follows up with a disbursement record for that student no earlier than (1) seven calendar days prior to the disbursement date under the Advance or Heightened Cash Monitoring 1 payment methods, or (2) the date of the disbursement under the Reimbursement or Heightened Cash Monitoring 2 Payment Method (see *Federal Register*, Volume 85, Number 134, July 14, 2020). The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the institution. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student disbursement data within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Key items to test on origination records, if applicable, are: Social Security number, award amount, enrollment date, verification status code (when applicable), transaction number, cost of attendance, and academic calendar. Key items to test on disbursement records are disbursement date and amount. The information may be accessed by the institution for the auditor (34 CFR 690.83; *FSA Handbook,* technical references on obtaining reports for each award year are located at https://fsapartners.ed.gov/knowledge-center/library/system-technical-

references/2020-11-24/2021-2022-cod-technical-reference COD Technical Reference; choose the award year, Volume VI, appendices, Section 7).

2. Performance Reporting

Not Applicable

3. Special Reporting

ED Form 646-1, Fiscal Operations Report and Application to Participate (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The institution uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. By October 1, 2021, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year 2020–2021 and the *Application to Participate* for the 2021–2022 award year (FWS, FSEOG 34 CFR 673.3; *Fiscal Operations Report and Application to Participate Instructions*).

Key Line Items – The following line items contain critical information:

Part I, Identifying Information, Certification, and Warning

Part II, Application to Participate

- Information on enrollment
- Assessments and expenditures
- Information on eligible aid applicants

Part III, Fiscal Operations Report

- All sections

Part IV, Fiscal Operations Report Federal Supplemental Educational Opportunity Grant (FSEOG) Program

- All sections

Part V, Fiscal Operations Report Federal Work-Study (FWS) Program

- All sections

Part VI, Program Summary for Award Year

- Distribution of Program Recipients and Expenditures by Type of Student (trace a sample of line items)

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

N. Special Tests and Provisions

1. Verification

Compliance Requirements An institution is required to establish written policies and procedures that incorporate the provisions of 34 CFR 668.51 through 668.61 for verifying applicant information for those applicants selected for verification by ED. The institution shall require each applicant whose application is selected by ED to verify the information required for the Verification Tracking Group to which the applicant is assigned. However, certain applicants are excluded from the verification process as listed in 34 CFR 668.54(b). A menu of potential verification items for each award year is published in the *Federal Register*, and the items to verify for a given application are selected by ED from that menu and indicated on the student's output documents. Verification tracking groups and verification items for each award year can also be found in the annual *FSA Handbook*, Application and Verification Guide, Chapter 4. The institution shall also require applicants to verify any information used to calculate an applicant's EFC that the institution has reason to believe is inaccurate and provide an accurate code for the individual's verification status in the Common Origination and Disbursement (COD) system. (34 CFR 668.54(a); *FSA Handbook* Application and Verification Guide, Chapter 4).

Note: For the 2021–2022 processing year, the requirement for verification of most Free Application for Federal Student Aid/Institutional Student Information Record (FAFSA®/ISIR) information was waived by ED due to COVID-19, except for Identity/Statement of Educational Purpose and High School Completion Status under Verification Tracking Groups V4 and V5, as outlined in Dear Colleague Letter GEN-21-05. However, this waiver does not exempt institutions from resolving conflicting information if concerns arise.

Audit Objectives Determine whether the institution established policies and procedures to verify information in student aid applications selected by ED and verified applications were in compliance with the verification requirements, made corrections, and reported the verification status, as applicable, in accordance with the requirements.

Suggested Audit Procedures

a. Review the institution's policies and procedures for verifying student applications selected by ED and verify that they meet the requirements of 34 CFR 668.53.

b. Select a sample of applications that were selected by ED for verification and review the student aid files for those applications to ascertain that the institution (1) obtained acceptable documentation to verify the information required for the Verification Tracking Group to which the applicant is assigned; (2) matched information on the documentation to the student aid application; (3) if necessary,

submitted data corrections to the central processor and recalculated awards and (4) correctly coded the student's verification status in the Common Origination and Disbursement (COD) system for Pell Grants.

2. Disbursements to or on Behalf of Students

Compliance Requirements

SFA - Title IV Programs

Title IV Programs – General

Disbursements may only be made to eligible students (see Eligibility Compliance Requirement). At the time an institution makes a disbursement to a student, it must confirm that the student is eligible for the funds being disbursed (34 CFR 668.164(b)(3)). With the exception of FWS, disbursements are made on a payment period basis and the disbursement must be made during the current payment period (34 CFR 668.164(b)(1)). There are three types of payment periods that an institution may use—payment periods that measure progress in credit hours and use standard terms; payment periods that measure progress in credit hours and use non-standard terms; and payment periods that measure progress in credit hours and does not have academic terms or for a program that measures progress in clock hours (34 CFR 668.4 Payment period). An institution may make early or late disbursements under limited circumstances provided for at 34 CFR 668.164 sections (i), (j), and (k).

An institution may credit a student's ledger for only allowable costs and, unless on the reimbursement or Heightened Cash Monitoring 1 or 2 payment method, with the student or parent's authorization, retain a credit balance for each disbursement. An institution on the reimbursement or Heightened Cash Monitoring 1 or 2 payment method must disburse credit balances to students whether or not the institution has an authorization to hold the credit balance and must disburse the credit balance to the student prior to requesting funds from ED.

Note: Due to COVID-19, IHEs that are on HCM1 under section 668.162(d)(1), the secretary temporarily modified the cash management requirements to permit those institutions to submit a request for funds without first paying the credit balances due to the students for whom those funds were requested. This flexibility extends through the end of the payment period that begins after the date on which the federally declared national emergency related to COVID–19 is rescinded.

a. The payment period for a student enrolled in an eligible program that measures progress in credit hours and has standard academic terms (semesters, trimesters, or quarters), or has non-standard terms that are substantially equal in length, is the academic term (34 CFR 668.4(a)). (Non-standard terms are substantially equal in length if no term is more than two weeks of instructional time longer than any other term (34 CFR 668.4(h)).

b. The payment period for a student enrolled in an eligible program that measures progress in credit hours and uses non-standard terms that are not substantially equal in length is as follows (34 CFR 668.4(b)):

(1) For Pell Grant, IASG, FSEOG, and TEACH Grants, the payment period is the academic term.

(2) For Direct Loans,

(a) If the program is one academic year or less in length (i) the first payment period is the period of time in which the student successfully completes half the number of credit hours in the program and half the number of weeks of instructional time in the program, and (ii) the second payment period is the period of time in which the student completes the program.

(b) If the program is more than one academic year in length—

(i) For the first academic year and any subsequent full academic year:

(A) The first payment period is the period of time in which the student successfully completes half the number of credit hours in the academic year and half the number of weeks of instructional time in the academic year; and

(B) The second payment period is the period of time in which the student completes the academic year.

(ii) For any remaining portion of an eligible program that is more than half, but less than a full, academic year in length:

(A) The first payment period is the period of time in which the student successfully completes half the number of credit hours in the remaining portion of the program and half the number of weeks of instructional time in the remaining portion of the program; and

(B) The second payment period is the period of time in which the student successfully completes the remainder of the program.

(iii) For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program.

c. The payment period for a student enrolled in an eligible program that measures progress in credit hours and does not have academic terms or for a program that measures progress in clock hours (34 CFR 668.4(c)):

(1) If the program is one academic year or less in length (a) the first payment period is the period of time in which the student successfully completes half the number of credit or clock hours in the program and half the number of weeks instructional time in the program; and (b) the second payment period is the period of time in which the student successfully completes the program.

(2) If the program is more than one academic year in length—

(a) For the first academic year and any subsequent full academic year (i) the first payment period is the period of time in which the student successfully completes half the number of credit or clock hours in the academic year and half the number of weeks of instructional time in the academic year, and (ii) the second payment period is the period of time in which the student successfully completes the academic year.

(b) For any remaining portion of an eligible program that is more than half but less than a full academic year in length (i) the first payment period is the period of time in which the student successfully completes half the number of credit or clock hours in the remaining portion of the program and half the number of weeks of instructional time in the remaining portion of the program, and (ii) the second payment period is the period of time in which the student successfully completes the remainder of the program.

(c) For any remaining portion of an eligible program that is not more than half an academic year, the payment period is the remainder of the program.

d. If an institution is unable to determine when a student has successfully completed half of the credit hours in a program, academic year, or remainder of a program, the student is considered to begin the second payment period of the program, academic year, or remainder of a program at the later of (i) the date the institution determines the student has completed half of the academic coursework in the program, academic year, or remainder of the program; or (ii) half the number of weeks of instructional time in the program, academic year, or remainder of the program (34 CFR 668.4(c)(3)).

If a student withdraws from a credit-hour program that does not have academic terms or a clock-hour program during a payment period and reenters the same program within 180 days, the student remains in that same payment period upon reentry and is eligible to receive, subject to conditions established by ED, any

Title IV funds for which they were eligible prior to withdrawal, including funds returned as a result of a return of funds calculation (34 CFR 668.4(f)).

If a student withdraws from a credit-hour program that does not have academic terms or a clock-hour program during a payment period and reenters the same program after 180 days or transfers into another program (either at the same institution or at a different institution) at any time, the student generally starts a new payment period (34 CFR 668.4(g)). (See exception to this general rule in 34 CFR 668.4(g)(3).)

e. The earliest an institution may disburse SFA funds (other than FWS) (either by paying the student directly or crediting the student's account) is 10 days before the first day of classes of the payment period or module for which the disbursement is intended (34 CFR 668.164(i)). (If an institution uses its own funds (i.e., funds not drawn down from ED) earlier than 10 days before the first day of classes, ED considers that the institution made that disbursement on the tenth day before the first day of classes (34 CFR 668.164(a)(2)). There are two exceptions to this rule. First, institutions may not disburse or deliver the first installment of Direct Loans to first-year undergraduates who are first time borrowers until 30 days after the student's first day of classes (34 CFR 668.164(i)(2)), unless the institution has low default rates as discussed in the next paragraph. The second exception applies to a student who is enrolled in a clock hour educational program or a credit hour program that is not offered in standard academic terms. The earliest the institution may disburse funds is the later of 10 days before the first day of classes for the payment period or, except for certain circumstances under the Direct Loan program, the day the student completed the previous payment period (34 CFR 668.164(i)(1)). The excepted circumstances for Direct Loan programs are described in 34 CFR 685.303(d)(3)(ii), (d)(5), and (d)(6) (34 CFR 668.164(i)).

In addition, for subscription-based programs as defined under 34 CFR 668.2, the earliest an institution may disburse title IV, HEA funds to an eligible student or parent is the later of 10 days before the first day of classes in the payment period or the date the student completed the cumulative number of credit hours associated with the student's enrollment status in all prior terms attended (34 CFR 668.164(i)(1)(iii)). (See *Federal Register*, Volume 85, Number 171, September 2. 2020).

f. The exceptions for institutions to disburse loans for first-year undergraduates who are first-time borrowers are (1) an institution with cohort default rates of less than 15 percent for each of the three most recent fiscal years for which data are available does not have to wait the 30 days, and (2) an institution that is an eligible home institution that certifies a loan to cover the student's cost of attendance in a study-abroad program and has a cohort default rate of less than 5 percent for the single most recent fiscal year for which data are available does not have to wait the 30 days (34 CFR 685.303(b)(5)).

g. The institution must notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan or the TEACH Grant payments returned to ED; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, TEACH Grant, or TEACH Grant disbursement. The notification requirement for loan funds applies only if the funds are disbursed by EFT payment or master check (34 CFR 668.165). Institutions that implement an affirmative confirmation process (as described in 34 CFR 668.165 (a)(6)(i)) must make this notification to the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution with Direct Loan or TEACH Grants. Institutions that do not implement an affirmative confirmation process must notify a student no earlier than 30 days before, but no later than seven days after, crediting the student's account and must give the student 30 days (instead of 14) to cancel all or part of the loan.

h. An institution must return to ED (notwithstanding any state law, such as a law that allows funds to escheat to the state) any Title IV funds, except FWS program funds, that it attempts to disburse directly to a student or parent but they do not receive. For FWS program funds, the institution is required to return only the federal portion of the payroll disbursements. If the institution attempted to disburse the funds by check and the check is not cashed, the funds must be returned no later than 240 days after the date it issued the check. If a check is returned, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that the attempts are made no later than 45 days after the funds were returned or rejected. If the institution does not make an additional attempt to disburse the funds, the funds must be returned before the end of the 45-day period and no later than 240 days from the date of the initial attempt to disburse the funds (34 CFR 668.164(l)).

Note: As outlined under 34 CFR 668.164(l), an institution must have a process that ensures FSA funds never escheat to a state or revert to the institution or any other third party. A failure to have such a process in place would call into question an institution's administrative capability, its fiscal responsibility, and its system of internal controls required under the FSA regulations.

i. If a student received financial aid while attending one or more other institutions, institutions are required to request financial aid history using the NSLDS Student Transfer Monitoring Process. Under this process, an institution informs NSLDS about its transfer students. NSLDS will "monitor" those students on the institution's "inform" list and alert the institution of any relevant financial aid history changes. An institution must wait seven days after it "informs" NSLDS about a transfer student before disbursing Title IV aid to that student. However, an institution does not have to wait if it receives an alert from NSLDS during the seven-day period or if it obtains the student's financial aid history by accessing the NSLDS Financial Aid Professional website. When an institution receives an

alert from NSLDS, before making a disbursement of Title IV aid, it must determine if the change to the student's financial aid history affects the student's eligibility (34 CFR 668.19).

j. For students, whose applications were selected for verification, if the institution has reason to believe that information included in the application is inaccurate, the institution may not (1) disburse any Pell or FSEOG, (2) employ the applicant in its FWS program, or (3) originate Direct Loans (or process proceeds of previously originated loans) until the applicant verifies or corrects the information. If the institution does not have any reason to believe that the information is inaccurate, the institution may withhold payment of Pell or FSEOG, or may make one interim disbursement of Pell or FSEOG, employ or allow an employer to employ an eligible student under FWS for the first 60 consecutive days after the student's enrollment and may originate a Direct Subsidized Loan, but cannot process the proceeds. If the verification process is not completed within the time period specified, the institution shall return any subsidized loan proceeds it received. In addition, the institution is liable for an interim disbursement if verification shows that a student received an overpayment or if the student fails to complete verification (34 CFR 668.58, 668.60(b)(3), and 668.61)).

Pell

To disburse Pell funds, the institution must have received a valid ISIR from the central processor by the earlier of the student's last date of enrollment or the deadline date established by the secretary in a notice published in the *Federal Register* (the deadline date is normally in the month of September following the end of the award year). Late disbursements of Pell for students that are now ineligible (e.g., no longer enrolled) are allowed if, before the date the student became ineligible, an ISIR or SAR was processed that contained an official EFC. The institution has discretion in disbursing funds within a payment period, but generally must disburse the full amount before the end of the payment period.

When making a late disbursement or retroactive payment of Pell for a completed period, an institution determines a student's enrollment status for the completed period based only on the hours completed by the student for that period (34 CFR 690.76(b)) .

The institution must review and document the student's eligibility before it disburses funds each payment period (34 CFR 690.61, 690.75, 690.76, and 668.164(b)(3)). (Requirements for student eligibility are found in Appendix A.)

IASG

IASG disbursements follow federal Pell grant regulations (20 USC 1070h). (Requirements for student eligibility are found in Appendix A.)

TEACH Grant

To disburse TEACH Grant funds, the institution must ensure that the student (a) is eligible (per 34 CFR 686.11), (b) has completed the initial or subsequent counseling (required by 34 CFR 686.32), (c) has signed an agreement to serve (required by 34 CFR 686.12), (d) is enrolled in a TEACH grant-eligible program, and (e) if enrolled in a credit-hour program without terms or a clock-hour program, has completed the payment period, as defined in 34 CFR 668.4, for which he or she will be paid a grant (34 CFR 686.31). (Requirements for student eligibility are found in Appendix A.)

When making a late disbursement or retroactive payment of TEACH Grant funds for a previously completed period, an institution determines a student's enrollment status for the completed period based only on the hours completed by the student for that period (34 CFR 686.33(b)).

Direct Loan

Except in the case of an allowable late disbursement (34 CFR 685.303(d)), before disbursing the loan proceeds, the institution must determine that the student maintained continuous eligibility from the beginning of the loan period. In order for an institution to disburse Direct Loan funds to a student, the student must generally be enrolled at least half-time as a regular student. However, a student may be eligible to receive Direct Loan funds if the student is enrolled at least half-time in preparatory coursework for no longer than a 12-month period under 668.32(a)(1)(ii) and 685.203(a)(6). Students may also be eligible for Direct Loan funds if they are enrolled at least half-time in teacher certification coursework under 34 CFR 685.203(a)(7).

An institution under the advance payment method may not disburse loan proceeds until they have obtained a legally enforceable promissory note. An institution under reimbursement or cash monitoring payment method must have obtained a legally enforceable promissory note and may request funds only for those that they have already disbursed funds to students (34 CFR 685.301 and 685.303). (See III.C, "Cash Management," for discussion of payment methods.) (Requirements for student eligibility are found in Appendix A.)

An additional requirement of the Direct Loan program is that institutions must implement a quality assurance system. Institutions also may not charge a borrower a fee of any kind for Direct Loan origination activities or the provision of any information necessary for a student or parent to receive a Direct Loan or any benefits associated with a Direct Loan (34 CFR 685.300(b)(9) and (10)). (Electronic Announcement, November 13, 2013, Direct Loan Quality Assurance Requirement Reminder, https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2013-11-13/direct-loans-subject-direct-loan-quality-assurance-requirement-reminder.)

FWS

The student's wages are earned when the work is performed. The institution shall ensure that the student is paid at least once per month. The federal share must be paid by check

or similar instrument the student can cash on his or her endorsement, or as authorized by the student, by crediting FWS funds to a student's account or by EFT to a bank account designated by the student. The institution may only credit the account for tuition, fees, institutional room and board, and other institution-provided goods and services (34 CFR 675.16). (Requirements for student eligibility are found in Appendix A.)

HHS Programs

HPSL/PCL/LDS and NSL

Student loans may be paid to or on behalf of student borrowers in installments considered appropriate by the school, except that a school may not pay to or on behalf of any borrowers more than the school determines the student needs for any given installment period (e.g., semester, term, or quarter). However, the amount of the loan may be increased in the case of the third or fourth year of a student at a school of medicine or osteopathic medicine to pay balances of loans that were made to the individual for attendance at the school (42 USC 292r(a)(2); Section 722r(a)(2) of the PHS Act; Pub. L. No. 105-392, Section 134(a)(2)). At the time of payment, a HPSL/PCL/LDS borrower must be a full-time student, a NSL borrower must be at least a half-time student (HPSL/PCL/LDS, 42 CFR 57.209; NSL, 42 CFR 57.309). Each student loan must be evidenced by a properly executed promissory note (HPSL/PCL/LDS, 42 CFR 57.208; NSL, 42 CFR 57.308).

Nurse Faculty Loan Program (NFLP) (Assistance Listing 93.264)

NFLP loans may be paid to or on behalf of student borrowers in installments considered appropriate by the school, except that a school may not pay to or on behalf of any borrowers more than the school determines the student needs for any given installment period (e.g., semester, term, or quarter). At the time of payment, a NFLP borrower must be enrolled full-time or part-time. Each student loan must be evidenced by a properly executed promissory note (Program Guidance, Repayment Provision).

Audit Objectives Determine whether disbursements to students were made or returned to ED or HHS in accordance with required time frames; and whether required reviews were made and required documents and approvals were obtained before disbursing SFA funds.

Determine whether the institution has implemented a Direct Loan quality assurance system and is not charging borrowers fees of any kind for origination activities or for the provision of any information necessary for a student or parent to receive a Direct Loan or any benefits associated with a Direct Loan.

Suggested Audit Procedures

a. Using a sample of students, review a sample of disbursements to students and verify that they were made or returned in accordance with required time frames, and for Direct Loan schools that are on the reimbursement or cash monitoring payment method, that the institution only requested funds from ED for students to whom the institution had already disbursed funds.

b. For instances in the sample tested in procedure a. above where disbursements created a credit balance in the student account and the student or parent did not provide an authorization for the institution to retain funds, verify that the institution provided the credit balance amount to the student within 14 days of the date the balance was created.

c. For instances in the sample tested in procedure a. above where disbursements created a credit balance in the student account and the institution retained the credit balance, verify that the institution was not on the reimbursement or heightened cash monitoring payment method and obtained the student or parent's authorization before retaining a credit balance. For an institution on the reimbursement or heightened cash monitoring payment method, verify that the institution disbursed the credit balance to the student prior to requesting funds from ED.

d. Review loan or other files to verify that the institution performed required procedures and obtained required documents prior to disbursing funds.

e. Determine whether the institution has documented its Direct Loan quality assurance system in accordance with 34 CFR 685.300(b)(9) and Electronic Announcement, November 13, 2013, Direct Loan Quality Assurance Requirement Reminder.

f. Review the charges to students, fee schedules, and catalog, noting any charges for Direct Loan origination activities to determine whether the institution charged students fees of any kind for origination activities or for the provision of any information necessary for a student or parent to receive a Direct Loan or any benefits associated with a Direct Loan.

3. Return of Title IV Funds

SFA - Title IV Programs

Compliance Requirements Applicable After a Student Begins Attendance When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR 668.22(a)(1) through (a)(5)).

A student is considered to have withdrawn from a payment period or period of enrollment (34 CFR 668.22(a)(2)) if the student does not meet one of the withdrawal exemptions and:

- For credit hour programs, a student is considered to have withdrawn if the student does not complete all the scheduled days in the payment period or period of enrollment.

- For clock hour programs, a student is considered to have withdrawn if the student does not complete all the clock hours and weeks of instructional time in the payment period or period of enrollment.

- For a student in a standard or non-standard-term program, excluding a subscription-based program, is considered to have withdrawn if he/she 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 an approved leave of absence.

- For a student in a subscription-based or a non-term program, the student is unable to resume attendance within a payment period or period of enrollment for more than 60 days after ceasing attendance, unless the student is on approved leave of absence.

Under the September 2, 2020, final regulations, ED revised the definition of a program "offered in modules" for Title IV purposes to only include a program that uses a standard term or nonstandard-term academic calendar, is not a subscription-based program, and has a course or courses in the program that do not span the entire length of the payment period or period of enrollment (34 CFR 668.22(l)). A student is not considered to have withdrawn from a program offered in modules if the institution obtains written confirmation from the student, at the time that otherwise would have been a withdrawal, of the date that he/she will attend a module that begins later in the same payment period or period of enrollment and, for standard and non-standard-term programs offered in modules, excluding subscription-based programs, that module begins no later than 45 calendar days after the end of the module the student ceased attending.

For a subscription-based program, a student is not considered to have withdrawn if the institution obtains written confirmation from the student at the time that would have been a withdrawal of the date that he or she will resume attendance, and that date occurs within the same payment period or period of enrollment and is no later than 60 calendar days after the student ceased attendance.

For a non-term program, a student is not considered to have withdrawn if the institution obtains written confirmation from the student at the time that would have been a withdrawal of the date that he or she will resume attendance, and that date is no later than 60 calendar days after the student ceased attendance.

If the institution obtains the written confirmation, but the student does not return as scheduled, the student is considered to have withdrawn. The student's withdrawal date and the total number of calendar days in the payment period or period of enrollment are the withdrawal date and the total number of calendar days that would have applied had the student not provided written confirmation of future attendance (34 CFR 668.22(a)(2)(ii)(C)).

R2T4 Withdrawal Exemptions

Under 34 CFR 668.22(a)(2)(ii)(A), ED established withdrawal exemption criteria which, if met, allows a student who has withdrawn or otherwise ceased attendance to not be considered a withdrawn student for Title IV purposes, which means that no R2T4 calculation is required for that student. Prior to conducting an R2T4 calculation for a student who has ceased attendance during a payment period or period of enrollment, an institution should review the student's circumstances to see if the student qualifies for any of the R2T4 withdrawal exemptions.

The withdrawal exemption categories are as follows:

a. Withdrawal exemption for graduates/completers

- A student who completes all the requirements for graduation from his or her program before completing the days or hours in the period that he or she was scheduled to complete is not considered to have withdrawn

Note: Institutions with clock-hour programs in which a student graduates without successfully completing all of the established hours in the program must re-prorate the amount of Title IV aid and only pay the student for the hours successfully completed. See the 2021–2022 *FSA Handbook*, Volume 3 for more information and examples.

b. Withdrawal exemptions for programs offered in modules

(1) A student is not considered to have withdrawn if the student successfully completes one module 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

(2) A student is not considered to have withdrawn if the student successfully completes a combination of modules that when combined contain 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

(3) A student is not considered to have withdrawn if the student successfully completes coursework equal to or greater than the coursework required for

the institution's definition of a half-time student under section 668.2 for the payment period

For additional information and examples regarding withdrawal exemptions, please see the 2021–2022 *FSA Handbook*, Volume 5, Chapter 1.

Post-withdrawal Disbursements

Post-withdrawal disbursements must be made from available grant funds before available loan funds (34 CFR 668.22(a)(6)). Post-withdrawal disbursements of grant funds may be credited to the student's account, without the student's authorization, for current-year outstanding charges for tuition, fees, and room and board (if contracted with the institution) on the student's account, up to the amount of those outstanding charges. For current-year outstanding charges other than tuition, fees, and room and board (if contracted with the institution), the institution must have the student's authorization to credit the student's account with grant funds. Any grant funds not disbursed to the student's account must be disbursed to the student no later than 45 days after the date of the institution's determination that the student withdrew (34 CFR 668.22(a)(6)(ii)(B)(1)).

Post-withdrawal disbursements of loan funds may be credited to the student's account if current-year outstanding charges exist on the student's account, up to the amount of the current-year outstanding charges only after obtaining confirmation from the student, or parent in the case of a parent PLUS loan, that he or she still wishes to have some or all of the loan funds disbursed.

If the institution wishes to credit the student's account with a post-withdrawal disbursement of loan funds or wishes to pay a post-withdrawal disbursement of loan funds directly to the student, or parent in the case of a parent PLUS loan, the institution must, within 30 days of the date the institution determines that the student withdrew, send a written notification to the student, or parent in the case of a parent PLUS loan, that

a. Asks the student or parent if he or she wants a post-withdrawal disbursement of some or all of the loan funds credited to the student's account, or a post-withdrawal disbursement of some or all of the loan funds as a direct disbursement;

b. Explains that, if the borrower does not want the loan funds credited to the student's account, it is up to the institution to decide whether it will disburse the loan funds as a direct disbursement to the borrower;

c. Explains the obligation of the borrower to repay any loan funds disbursed; and

d. Explains that no post-withdrawal disbursement will be made (other than a credit of grant funds to the student's account for tuition and fees and room and board, if contracted for with the institution, or a credit of grant funds for other institutional charges for which the institution has the student's authorization or a direct disbursement of grant funds) unless the student or parent responds within 14 days of the date the institution sent the notification (or a later time frame set by the

institution), or the institution chooses to make a post-withdrawal disbursement based on a late response (34 CFR668.22(a)(6) and 668.164(c)).

If a student or parent accepts a post-withdrawal disbursement of loan funds, the institution must make the disbursement within 180 days after the date of the institution's determination that the student withdrew and in accordance with the request of the recipient (34 CFR668.22(a)(6)(iii)(C) and 668.164(c)(1), (c)(2), (c)(3), and (j)).

Subject to the above, an institution may credit a student's account for minor prior-award-year charges, if not more than $200 (34 CFR668.164(c)(3)).

Withdrawal Date

If an institution is required to take attendance, the withdrawal date is the last date of academic attendance, as determined by the institution from its attendance records. An institution is required to take attendance if:

a. The institution is required to take attendance for some or all of its students by an entity outside of the institution (such as the institution's accrediting agency or state agency);

b. The institution itself has a requirement that its instructors take attendance; or

c. The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program or a portion of that program (34 CFR 668.22(b)(3)).

Note: As provided in the Department's Program Integrity Q&As for Return of Title IV Funds, the monitoring of whether online students log into classes does not by itself result in an institution being an institution that is required to take attendance for Title IV, HEA program purposes because monitoring logins alone is not monitoring academic engagement (as defined under 34 CFR 600.2). However, an institution that collects and maintains information about students' online activities for the purpose of tracking academic engagement is considered to be an institution that is required to take attendance for programs involving such tracking if that tracking:

(1) Involves monitoring student attendance in a synchronous class, lecture, recitation, or field or laboratory activity, physically or online via a distance education platform, where there is an opportunity for interaction between the instructor and students; or

(2) Is used to administratively withdraw students or to enforce an institutional attendance policy.

If an institution is not required to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the institution; (2) the date, as determined by the institution, that the student otherwise

provided official notification to the institution, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the institution of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence. Notwithstanding the above, an institution that is not required to take attendance may use as the withdrawal date, the last date of attendance at an academically related activity as documented by the institution (34 CFR668.22(c) and (l)).

Title IV funds may be expended only towards the education of the students who can be proven to have been in attendance at the institution. In a distance education context, documenting that a student has logged into an online distance education platform or system is not sufficient, by itself, to demonstrate attendance by the student. To avoid returning all funds for a student that did not begin attendance, an institution must be able to document "attendance at any class." To qualify as a last date of attendance for Return of Title IV purposes, an institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as by contributing to an online discussion or initiating contact with a faculty member to ask a course-related question.

An institution that is required to take attendance or requires that attendance be taken on only one specified day to meet a census reporting requirement, is not considered to take attendance (34 CFR 668.22(b)(3)(iv)).

Calculation of the Amount of Title IV Assistance Earned

The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours, or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours (34 CFR 668.22(e)(2)). Otherwise, the percentage earned by the student is equal to the percentage (60 percent or less) of the payment period or period of enrollment that was completed as of the student's withdrawal date. The percentage of Title IV grant or loan assistance that has not been earned by the student is the complement of one of these calculations. Standard term-based institutions must always use the payment period as the basis for the determination.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew (34 CFR 668.22(e)).

Use of Payment Period or Period of Enrollment

The treatment of Title IV grant or loan funds if a student withdraws must be determined on a payment period basis for a student who attended a standard term-based (semester, trimester, or quarter) educational program. The treatment of Title IV grant or loan funds if a student withdraws may be determined on either a payment period basis or a period of enrollment basis for a student who attended a non-term based or a non-standard term-based educational program. The institution must use the chosen period consistently for all students in the program, except that an institution may make a separate selection of payment period or period of enrollment for students that transfer to the institution or reenter the institution for students who attend a non-term-based or non-standard term-based program (34 CFR668.22(e)(5)). An institution must use the payment period that ends later to calculate a "Return of Title IV Funds" when a student withdraws from a non-standard term credit hour program with terms that are not substantially equal in length, and the student was disbursed or could have been disbursed Title IV aid under more than one payment period definition (34 CFR668.22(e)(5)(iii)).

Percentage of Payment Period or Period of Enrollment Completed

The percentage of the payment period completed or period of enrollment completed is determined in the case of a program that is measured in (1) credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date; or (2) clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date. The total number of calendar days in a payment or enrollment period includes all days within the period, except that institutionally scheduled breaks of at least five consecutive calendar days (including module programs that a student is not required to attend for five consecutive calendar days) and days in which the student was on an approved leave of absence are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (34 CFR 668.22(f)).

The September 2, 2020, final regulations added a definition of the number of days a student was scheduled to complete in a module by indicating under 34 CFR 668.22(l)(9) that a student in a program offered in modules is scheduled to complete the days in a module if the student's coursework in that module was used to determine the amount of the student's eligibility for title IV, HEA funds for the payment period or period of enrollment.

When a student enrolls in a module during a payment period or period of enrollment, the student is considered to be enrolled in a program offered in modules and the institution

must determine the number of days in the denominator of the R2T4 calculation based on whether the coursework, including full-term courses, was used to determine the amount of eligibility for Title IV aid. This determination will depend on several factors:

- Whether the institution uses an R2T4 Freeze Date;
- The Title IV programs for which the student was eligible; and
- Which modules/courses the student attended during the period.

An R2T4 Freeze Date is an optional (not required) policy that uses the student's enrollment schedule at a fixed calendar point to determine the number of days the student is scheduled to attend during the period for R2T4 purposes. If the institution uses an R2T4 Freeze Date, the days in a module/course are included in the R2T4 calculation if the student attends the module/course or is enrolled in the module/course on the R2T4 Freeze Date, regardless of the types of Title IV aid awarded.

Institutions that choose to not establish an R2T4 Freeze Date will monitor changes in the student's enrollment throughout the period and which module/course days to include in the R2T4 calculation will, in part, depend on the type of Title IV aid awarded.

If the student is only eligible for Pell Grant, Iraq-Afghanistan Service Grant, and/or TEACH Grant funds during the period and the institution does not use an R2T4 Freeze Date, the days in a module/course must be included in the denominator of the R2T4 calculation only if the student actually attends the module/course.

If the student is eligible for Direct Loan or FSEOG funds during the period (regardless of eligibility for other Title IV programs) and does not use an R2T4 Freeze Date, the days in a module/course must be included in the R2T4 calculation if the student was enrolled in the module/ course on the first day of the period or enrolled in the module/course at any time during the period.

For additional information, please review the 2021–2022 *FSA Handbook*, Volume 5, Chapter 2.

Institution's Return of Unearned Aid

The institution must return the lesser of (1) the total amount of unearned Title IV assistance to be returned as described above, or (2) an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student. If, for a non-term program an institution chooses to calculate the treatment of Title IV assistance on a payment period basis, but the institution charges for a period that is longer than the payment period, "total institutional charges incurred by the student for the payment period" is the greater of (1) the prorated amount of institutional charges for the longer period, or (2) the amount of Title IV assistance retained for institutional charges as of the student's withdrawal date (34 CFR 668.22(g)).

Note: *Section 3508 of the CARES Act waives Return of Title IV Funds (R2T4) requirements for students whose withdrawals were related to the novel coronavirus disease (COVID-19). The CARES Act also provides that, for those students: (1) Direct Loan and TEACH Grant funds received for the period will be cancelled (Sec. 3508)*; (2) *The period will not count toward the student's Subsidized Loan usage for purposes of the 150 percent Direct Subsidized Loan Limit (Sec. 3506)*; *and* (3) *Pell Grant funds received for the period will be excluded from the student's Lifetime Eligibility Used (Sec. 3507). These waivers apply to payment periods that include March 13, 2020, through the last date of the COVID-19 national emergency. For institutions basing R2T4 calculations on a period of enrollment, the waiver may apply to a student who begins attendance in a payment period that includes the last date that the national emergency is in effect and withdraws after the conclusion of that payment period but within the applicable period of enrollment.*

For COVID-19 related guidance, including waivers and exemptions to Title IV rules, please see the following webpages:

- The Department of Education's COVID-19 Information and Resources for Schools and School Personnel: https://www.ed.gov/coronavirus/program-information

- Office of Postsecondary Education COVID-19 Title IV FAQ: https://www2.ed.gov/about/offices/list/ope/covid19faq.html

The CARES Act requires institutions to report to ED information specific to each student for whom it was not required to return Title IV funds under the waiver exception (and for each student for which Title IV funds were previously returned and are now being redrawn). The law also requires institutions to report to ED the total amount of Title IV grant or loan assistance that was not returned as a result of the CARES Act provisions.

To implement this CARES Act relief for each student who withdraws as a result of the COVID-19 national emergency, ED requires the institution to:

a. Use the Coronavirus Indicator checkbox in the COD System to indicate that an aid recipient's actual disbursement(s) qualifies for Direct Loan cancellation (and the exclusion from the Direct Loan annual limits and Subsidized Loan usage calculations), or the exclusion from Pell Grant LEU calculations and TEACH Grant award limits.

b. Report the amount of SFA funds not returned under Section 3508 of the CARES Act, either by adding a Coronavirus Indicator to calculations using the R2T4 Tool for each withdrawn student who qualifies for CARES Act relief, or by reporting the total amount of funds not returned at the institution level. Both of these types of reporting are performed in the COD System. The COD System allows institutions to produce a report that lists all the disbursements that have been marked with the Coronavirus Indicator. Additional information can be found at 092320CODSystemImpInfoAddCODSysChangesSupCARESActPhaseTwoAttac

h.pdf (ed.gov). That report 1) identifies students who have been flagged as qualifying for CARES Act relief and 2) ensures that none of those funds were returned. Additional information and examples of how to identify students who have withdrawn due to COVID-19 can be found in an Electronic Announcement published on March 19, 2021.

Student's Return of Unearned Aid

The amount a student is responsible for returning is calculated by subtracting the amount of unearned aid that the institution is required to return from the total amount of unearned Title IV assistance to be returned. However, the student need only return 50 percent of the total grant assistance that was disbursed (and that could have been disbursed) for the payment period or period of enrollment. After the 50 percent rule is applied, a student does not have to return an overpayment amount of $50 or less.

In addition, the secretary may waive grant overpayments that students are required to return if the students who withdrew were residing in, employed in, or attending an institution located in an area where the President has declared that a major disaster exists (34 CFR 668.22(g), 668.22(h)(3), and 668.22(h)(5)).

Allocation of Return of Title IV Funds

Returns of Title IV funds must be distributed in the order prescribed below. The prescribed order must be followed regardless of the institution's agreements with other state agencies or private agencies (34 CFR 668.22(i)).

a. Unsubsidized Federal Direct Stafford Loans

b. Subsidized Federal Direct Stafford Loans

c. Federal Direct PLUS

d. Federal Pell Grant

e. Iraq and Afghanistan Service Grant

f. Federal Supplemental Educational Opportunity Grants

g. Teacher Education Assistance for College and Higher Education Grants

Timing of Return of Title IV Funds

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60

days after the date the institution determined that the student withdrew (34 CFR 668.173(b)).

An institution that is not required to take attendance must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew (34 CFR 668.22(j)). The institution must also notify the recipient of Title IV loans returned (34 CFR 685.306(a)(2)).

Compliance Requirements Applicable for a Student Who Does Not Begin Attendance When a recipient of Title IV grant or loan assistance does not begin attendance at an institution during a payment period or period of enrollment, all disbursed Title IV grant and loan funds must be returned. The institution must determine which Title IV funds it must return or if it has to notify the lender or the secretary to issue a final demand letter (34 CFR 668.21).

Not beginning attendance

A student is considered to have not begun attendance in a payment period or period of enrollment if the institution is unable to document the student's attendance at any class during the payment period or period of enrollment (34 CFR 668.21(c)).

FSEOG, TEACH Grants, Pell Grant, and IASG program funds

If a student does not begin attendance, the institution must return all FSEOG, TEACH Grants, Pell Grant, and IASG program funds that were credited to the student's account or disbursed directly to the student for that payment period or period of enrollment (34 CFR 668.21(a)(1)).

Direct Loan Funds

The institution must return all Direct Loan funds that were

a. Credited to the student's account for that payment period or period of enrollment;

b. Payments made directly by or on behalf of the student to the institution for that payment period or period of enrollment, up to the total amount of the loan funds disbursed; or

c. Disbursed directly to the student if the institution knew that a student would not begin attendance prior to disbursing the funds directly to the student for that payment period or period of enrollment (e.g., the student notified the institution that he or she would not attend, or the institution expelled the student).

For remaining amounts of Direct Loan funds disbursed directly to the student for the payment period or period of enrollment (including funds disbursed directly to the student by the lender for a study-abroad program or for a student enrolled in a foreign

institution), the institution must immediately notify the lender or the secretary, as appropriate, when it becomes aware that the student will not or has not begun attendance so that the lender or the secretary will issue a final demand letter to the borrower in accordance with 34 CFR 685.211 (34 CFR 668.21(a)(2)).

Note: Under the HEROES Act waivers outlined in the December 11, 2020 federal register, ED waived the requirement for institutions to notify the Direct Loan servicer where Direct Loan funds for living expenses are paid directly to a student who does not begin attendance. This COVID-19 waiver is applicable through the end of the payment period that begins after the date on which the federally declared national emergency related to COVID-19 is rescinded.

Deadline for return of funds by the institution

The institution must return those funds for which it is responsible as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (34 CFR 668.21(b)).

Timely return of funds by the institution

An institution returns Title IV funds timely if:

a. The institution deposits or transfers the funds into the bank account it maintains under 34 CFR 668.163 as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance;

b. The institution initiates an EFT as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance;

c. The institution initiates an electronic transaction, as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance, that informs the lender to adjust the borrower's loan account for the amount returned; or

d. The institution issues a check as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance; an institution does not satisfy this requirement if

   (1) The institution's records show that the check was issued more than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance; or

   (2) The date on the cancelled check shows that the bank used by the secretary endorsed that check more than 45 days after the date that the institution becomes aware that the student will not or has not begun attendance (34 CFR668.21(d)).

Audit Objectives Determine if the institution—

Accurately calculated returns of Title IV funds for students who began attendance, allocated the return of Title IV funds as required, returned Title IV funds timely (unless the student qualified for R2T4 relief under the CARES Act or met one of the R2T4 withdrawal exemptions, see Electronic Announcement 2020-05-15 UPDATED Guidance for interruptions of study related to Coronavirus (COVID-19) (Updated June 16, 2020), and notified borrowers of returned loans;

Returned all Title IV funds when a student did not begin attendance as required;

Followed the requirements for post-withdrawal disbursements as applicable; and

For returns not made due to withdrawals as a result of COVID-19 related circumstances, (a) determined that students qualified for R2T4 relief under the CARES Act and (b) met the reporting requirements for students who qualified for R2T4 relief.

Suggested Audit Procedures

a. Using a sample of students who ceased attendance during a payment period or period of enrollment (including those who met one of the withdrawal exemptions), dropped, on a leave of absence, never began attendance or terminated during the audit period ascertain if returns of Title IV funds were properly calculated. Obtain and inspect student academic and financial aid files, student ledger accounts, financial records, and, if applicable, attendance records. Ensure that for students enrolled in distance education courses, documented attendance includes academic engagement, not merely logging in to an online platform; when applicable to the determination of last day of attendance (See the discussion under *FSA Handbook*, Volume 5, Chapter 2: Documenting attendance when students are enrolled in distance education courses). From the records determine:

   (1) If the student's enrollment status is correct (official or unofficial withdrawal).

   (2) Whether the calculation is calculated accurately. Calculating return of Title IV funds may be made using the worksheets found in the Appendix to Volume 5 of the *FSA Handbook.*

b. For instances in the sample tested in procedure a. above where a return of Title IV was required, trace the return of Title IV funds to disbursement and accounting records (including canceled checks to ED and students) to verify that returned Title IV funds were applied to programs in the required order and were timely. Ascertain that within 45 days (or within 30 days for students that never began attendance) of becoming aware that the student had withdrawn, deposits or transfers were made into the federal funds account, electronic transfers were initiated, or checks were issued. When an institution issues a check, the return of Title IV is not timely if the institution's records show that the check was issued

more than 45 days after the institution becomes aware that the student withdrew (or more than 30 days for students that never began attendance) or the date on the cancelled check shows that the bank used by ED endorsed the check more than 60 days after the institution becomes aware that the student withdrew (or more than 45 days for students that never began attendance).

c. For a sample of students who received Title IV assistance, for which no return of Title IV funds were made, review academic and enrollment records (including class attendance records if they are kept) to ascertain whether the students sufficiently completed the payment or enrollment period to earn the Title IV funds received or met one of the withdrawal exemptions. When doing this, for students who received all failing and/or all incomplete grades, review records to ascertain whether the students had attended the institution or had attended but withdrawn (unofficial withdrawals). Ensure that for students enrolled in distance education courses, documented attendance includes academic engagement, not merely logging in to an online platform.

d. For instances in the sample tested in procedure a. above where the student or parent was eligible for a post withdrawal disbursement, ascertain if appropriate notification of the post withdrawal disbursement was given to the student or parent. Review evidence of the student or parent's acceptance or rejection of the post withdrawal disbursement. Determine if the institution followed the student or parent's instructions regarding the post withdrawal disbursement.

e. For instances in the sample tested in procedure a. above where the institution did not return Title IV funds due to withdrawals as a result of COVID-19 related circumstances, determine that (a) the student began attendance in a payment period or period of enrollment that includes March 13, 2020, or began between March 13, 2020 and the last date of the national emergency, and (b) qualified for R2T4 relief under the CARES Act (either because the student was enrolled in an affected program or provided a written attestation explaining why the withdrawal was the result of the COVID-19 emergency)

f. For instances in the sample tested in procedure a. above where the institution did not return Title IV funds due to withdrawals as a result of COVID-19 related circumstances, determine that the institution reported to ED (a) information specific to each student that qualified for the R2T4 relief and, if the institution chose to report the amount of R2T4 relief received under the CARES Act on a student-by-student basis, (b) the total amount of Title IV grant or loan assistance that was not returned for each student as a result of the CARES Act R2T4 relief.

4. Enrollment Reporting

Compliance Requirements Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the NSLDS (*OMB No. 1845-0035*), although FFEL loans are no longer made or a part of the SFA Cluster, a student may have a FFEL loan from previous years that would require enrollment

reporting for that student (Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309). The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website which the financial aid administrator can access for the auditor. The data on the institution's Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information, "Campus Level" and "Program Level," both of which need to be reported accurately and have separate record types. The *NSLDS Enrollment Reporting Guide* provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process. The guide can be accessed at https://fsapartners.ed.gov/knowledge-center/library/resource-type/NSLDS%20User%20Resources?nslds_type=NSLDS%20User%20Documentation.

Institutions are responsible for accurately reporting the following significant data elements under the Campus-Level Record that ED considers high risk:

- OPEID Number – This is the OPEID for the location that the student is actually attending.

- Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective. (See 4.4.2 of the *NSLDS Enrollment Reporting Guide* for the specific requirements for reporting the Enrollment Effective Date. Also see 4.4.3 of the *NSLDS Enrollment Reporting Guide* for additional guidance on effective dates for Withdrawal versus Graduation and Electronic Announcement titled – *NSLDS Enrollment Reporting – Submission Dates, Effective Dates and Certification Dates,* dated April 20, 2017, for additional information and examples at https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2017-04-20/general-subject-nslds-enrollment-reporting-submission-dates-effective-dates-and-certification-dates.)

- Enrollment Status – The student's enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z). (See 4.4.4 of the *NSLDS Enrollment Reporting Guide* for additional guidance on reporting graduated and withdrawn for the Campus-Level Record versus the Program Level Record and 4.4.10 for further guidance on Enrollment Status reporting at the Campus-Level Record and the Program-Level Record.)

- Certification Date – The Date enrollment certified by institution. At a minimum, institutions are required to certify enrollment every 60 days or every other month.

Institutions are responsible for accurately reporting the following significant data elements under the Program-Level Record that ED considers high risk:

- OPEID – This is the OPEID for the location that the student is actually attending.

- CIP Code – The Classification of Instructional Programs (CIP) is a set of codes that define fields of study. CIP Codes are maintained by ED's National Center for Education Statistics (NCES). They were most recently updated in 2020 and are usually updated every ten years. A listing of current CIP codes is available at: https://nces.ed.gov/ipeds/cipcode/resources.aspx?y=56.

- CIP Year – Year for the corresponding CIP code. The CIP Year for the codes currently used by NSLDS is 2020.

- Credential Level – Indicates the level of a credential the student will receive for the program the student is attending, for example undergraduate certificate, associate degree, or bachelor's degree. (See 4.4.7 of the *NSLDS Enrollment Reporting Guide* for additional guidance on reporting the Credential Level.)

- Published Program Length Measurement – The institution identifies whether the Published Program Length is in days, weeks, or years.

- Published Program Length - Published Program Length should be reported based on the definition of "normal time" to completion in the regulations at 34 CFR 668.41(a), as follows:

  > If the institution has published, in its catalog, on its website, or in any promotional materials, the length of the program in weeks, months, or years, the program length reported must a be the same as the program length that the institution has published.
  >
  > If the institution has not published a program length and the program is an associate or bachelor's degree program, the program length to be reported should be two years (associate) or four years (bachelor), respectively, unless the academic design of the program makes it longer or shorter than the typical program length.
  >
  > For all other programs for which the institution has not published a program length, the program length is based on the institution's determination of how long, in weeks, months, or years, the program is designed for a full-time student to complete.

(See 4.4.6 of the *NSLDS Enrollment Reporting Guide* for additional guidance.)

- Program Begin Date – The Program Begin Date is the date the student first began attending the program being reported. Typically, this would be the first day of the term in which the student began enrollment in the program, unless the student enrolled in the program on an earlier date. (See 4.4.5 and 4.4.8 of the *NSLDS Enrollment Reporting Guide* for additional guidance.)

- Program Enrollment Status – The student's enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z). (See 4.4.4 of the *NSLDS Enrollment Reporting Guide* for additional guidance on reporting graduated and withdrawn for the Campus-Level Record versus the Program Level Record and 4.4.10 for further guidance on Enrollment Status reporting at the Campus-Level Record and the Program-Level Record.)

- Program Enrollment Effective Date – The date that the enrollment status as of the reporting date reported for the program was first effective.

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) *(OMB No. 1845-0002)* mailboxes sent by ED via NSLDS. An institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in the data elements for the Campus Record and the Program Record identified above, and submit the changes electronically through the batch method, spreadsheet submittal, or the NSLDS website (Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309). (Note: The automated processes and required reporting are described in the *NSLDS Enrollment Reporting Guide.* After the institution submits the Enrollment Reporting roster to NSLDS, NSLDS evaluates the Enrollment Reporting roster and provides the institution an Error/Acknowledgement file. If errors are identified, institutions have 10 days to correct the errors and resubmit to NSLDS.)

NSLDS will send a Late Enrollment Reporting notification e-mail if no updates are received by batch or online within 22 days after the date the roster was sent to the institution. Institutions that receive a Late Enrollment Reporting notification are not in compliance with the requirement to complete and return the Enrollment Reporting roster file within 15 days. However, since institutions are required to complete and return the Enrollment Reporting roster within 15 days (not 22 days), the notification email (or lack thereof) should not be used to measure compliance. The Enrollment Reporting Summary Report (SCHER1) on the NSLDS website can be created at the request of the institution. It shows the dates the roster files were sent and returned, the number of errors, date and number of online updates, and the number of late enrollment reporting notifications sent for overdue Enrollment Reporting rosters. The Enrollment Submittal File Tracking Report (SCHET1) also provides the processed date, which represents when NSLDS transmitted the Roster or Submittal File (which could be 24–48 hours after a batch is submitted, depending on processing times, online submittals are processed in real time).

When a Direct Loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the institution, and the student ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or a student who is enrolled at the institution and who received a loan under Title IV has changed his or her permanent address, the institution must report the

change in its next updated Enrollment Reporting Roster file (due within 60 days of the change).

Audit Objectives Determine whether the institution is notifying ED of changes in student enrollment information at the Campus Level and Program Level in a timely and accurate manner.

Suggested Audit Procedures

a. Select a sample of Pell and Direct Loan students from the institution's records that had a reduction or increase in attendance levels, graduated, withdrew, dropped out, or enrolled but never attended during the audit period. Compare the data in the student's NSLDS Enrollment Detail to the students' academic files and other institutional records and verify that the institution is accurately reporting the significant Campus-Level and Program-Level enrollment data elements that ED considers high risk.

b. For instances in the sample tested in procedure a. above where a Direct loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the institution, and the student ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or a student who is enrolled at the institution and who received a loan under Title IV has changed his or her permanent address, determine whether the institution reported the change in its next updated Enrollment Reporting Roster file (due within 60 days of the change).

c. Have the institution access the NSLDS website and create the SCHER1 and/or SCHET1. Compare the dates the roster files were sent to the return dates to verify that the institution returned the roster files within 15 days.

5. Student Loan Repayments (HPSL/PCL/LDS and NSL, and NFLP)

HHS Programs

Compliance Requirements HPSL/PCL/LDS and NSL loans made prior to November 13, 1998, including accrued interest, are repayable in equal or graduated periodic installments in amounts calculated on the basis of a 10-year repayment period. For HPSL/PCL/LDS loans the repayment period is not less than 10 and not more than 25 years, at the discretion of the institution. For NSL loans after November 13, 1998, the 10-year repayment period may be extended for ten years for any student borrower who, during the repayment period failed to make consecutive payments and who, during the last 12 months of the repayment period, has made at least 12 consecutive payments (42 USC 292r(c) and 297b(b)(8) (Sections 722(c) and 836(b)(8) of PHS Act); Pub. L. No. 105-392, Sections 133(a)(2) and 134(a)(3)). Except as required in 42 CFR 57.210(a), a repayment of a HPSL/PCL/LDS loan must begin one year after the student ceases to be a full-time student. For a NSL loan, repayment must begin nine months after the student ceases to be a full-time or half-time student, except as required in 42 CFR 57.310(a) .

For NFLP, loans are repayable in equal or graduated periodic installments in amounts calculated on the basis of a 10-year repayment period. Following graduation from the nursing program, up to 85 percent of the principal and interest of an NFLP loan can be cancelled if the student borrower serves as full-time nurse faculty for four years. For this program, "full-time" is defined as either (1) a full-time faculty member at an accredited institution of nursing; or (2) a part-time faculty member at an accredited institution of nursing, in combination with another part-time faculty position or part-time clinical preceptor position affiliated with an accredited institution of nursing that, together, equate to full-time employment. The loan cancellation over the four-year period is as follows: (1) the institution will cancel 20 percent of the principal and interest on the NFLP loan, as determined on the first day of employment, upon completion by the borrower of each of the first, second, and third years of full time employment as a faculty member in an institution of nursing; and (2) the institution will cancel 25 percent of the principal and interest on the NFLP loan, as determined on the first day of employment, upon completion of the fourth year of full-time employment as a faculty member in an institution of nursing. Repayment on the remaining 15 percent of the loan balance is postponed during the cancellation period. NFLP loans are repayable and/or cancelled over a 10-year repayment period. NFLP loans accrue interest at a rate of 3 percent per annum for loan recipients who establish employment as full-time nurse faculty (Funding Opportunity Announcements https://bhw.hrsa.gov/fundingopportunities/default.aspx?id=bd03570b-3eb6-4a77-a1e3-4326ce292907).

Loans under the HPSL/PCL/LDS, NSL, and NFLP programs may be cancelled only in the event that the borrower dies or becomes disabled (HPSL/PCL/LDS; 42 CFR 57.211 and 57.213a; NSL; 42 CFR 57.311 and 57.313a; and NFLP Administrative Guidelines, Disability and Death (https://bhw.hrsa.gov/funding/schools-manage-loan-programs).

Institutions must exercise due care and diligence in the collection of loans (HPSL/PCL/LDS, NSL, and NFLP, 42 CFR 57.210(b) and 57.310(b), and NFLP Program Guidance, Institutional Responsibility in Repayment Process, respectively).

Audit Objectives Determine whether institutions are timely converting loans to repayment, establishing repayment plans, processing cancellation requests, and servicing loans as required.

Suggested Audit Procedures

Note: Many institutions engage third-party servicers for billing, collection, and processing deferment and cancellation requests. Although these institutions remain responsible for compliance, auditors of these institutions may exclude the audit procedures below for the compliance requirements performed by a third-party servicer.

a. Select a sample of loans that entered repayment during the audit period and review loan records to verify that the conversion to repayment was timely, and that a repayment plan was established.

b. Review the institution's requirements for applying for and documenting eligibility for loan cancellations. Select a sample of loans that were cancelled during the audit period and review documentation to ascertain whether the cancellations were adequately supported.

c. Select a sample of loans that have defaulted during the year and review loan records to ascertain if the required interviews, contacts, billing procedures, and collection procedures were carried out.

6. Perkins Loan Recordkeeping and Record Retention

34 CFR 674.19.(e)

Compliance Requirements Institutions must retain original or true and exact copies of promissory and master promissory notes (MPN), repayment records, and cancellation and deferment requests for each Perkins loan (including Defense, NDSL) made. Disbursement records, electronic authentication and signature records for loans made with an MPN must also be retained by the institution.

Institutions are required to keep original paper promissory notes or original paper MPNs and repayment schedules in a locked, fireproof container. The original promissory notes and repayment schedules must be kept until the loans are satisfied. If required to release original documents in order to enforce the loan, the institution must retain certified true copies of those documents. After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full and retain a copy for the prescribed period.

An institution shall retain repayment records, including cancellation and deferment requests for at least three years from the date on which a loan is assigned to the secretary, canceled, or repaid. An institution shall retain disbursement and electronic authentication and signature records for each loan made using an MPN for at least three years from the date the loan is canceled, repaid, or otherwise satisfied.

When an institution uses a third-party servicer for its Perkins Loan program, the institution must perform due diligence to ensure that the third-party servicer is in compliance with the requirements for the functions the third-party servicer is performing for the institution. Such due diligence could include obtaining and reviewing the third-party servicers most recent Title IV compliance audit.

Audit Objectives Determine whether the institution has properly maintained its Perkins loan records in the manner set forth in 34 CFR 674.19.(e).

Suggested Audit Procedures

a. When an institution uses a third-party servicer to perform requirements of the Perkins loan program, the auditor should determine which compliance requirements the third-party servicer performs for the institution and evaluate

whether the institution performed appropriate due diligence to ensure the third-party servicer's compliance with the Perkins Loan functions it is performing. For those requirements not performed by a third-party servicer the auditor should include the testing below as appropriate.

b. Through inquiry, evaluate for appropriateness of the institution's Perkins loan records storage location and its security and whether the storage is fireproof for reasonableness.

c. Test a sample of borrowers with open loans to verify that original promissory notes and/or MPNs, repayment records, cancellation and deferment requests, and if applicable, disbursement and electronic authentication records, are being properly maintained.

d. Test a sample of borrowers with loans retired or assigned loans within the previous three fiscal years and current fiscal years to verify that appropriate records are being retained for at least three years from the date the loans were retired or assigned.

7. Direct Loan Reconciliation

SFA - Title IV Programs

Compliance Requirements Institutions must report all loan disbursements and submit required records to COD within 15 days of disbursement (*OMB No. 1845-0021).* Each month, COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month (34 CFR 685.102(b), 685.300(b), 685.301, and 303). (Note: An electronic announcement dated December 18, 2020, describes the reconciliation process and is available at https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2020-12-18/william-d-ford-federal-direct-loan-program-reconciliation.)

Audit Objectives Determine whether the institution reconciled SAS data files to institution records each month.

Suggested Audit Procedures

a. Test a sample of the SAS and ascertain that reconciliations are being performed on a monthly basis.

8. Institutional Eligibility

SFA - Title IV Programs

Compliance Requirements The institution admits as regular students only persons who have a high school diploma; have the recognized equivalent of a high school diploma; are beyond the age of compulsory education or will be dually or concurrently enrolled in the institution and a secondary school (34 CFR 600.4(a)(2)).

The institution is legally authorized to provide an educational program beyond secondary education in the state in which the institution is physically located and that state authorization is in compliance with 34 CFR 600.9 (34 CFR 600.4(a)(3)).

a. An institution is not eligible to participate in Title IV programs if for the *award year* (year ending June 30) that ended during the institution's fiscal year any of the following occurred (34 CFR 600.7):

(1) More than 50 percent of its courses were correspondence courses;

(2) Fifty percent or more of its regular students (i.e., students enrolled for the purpose of obtaining a degree, certificate, or diploma) were enrolled in correspondence courses (Note: When calculating the number of correspondence courses, a student is considered "enrolled in correspondence courses" if the student's enrollment in correspondence courses constituted more than 50 percent of the courses in which the student enrolled during an award year (34 CFR 600.7(b)(2)), (*see Federal Register*, Final Rule, September 2, 2020);

(3) Twenty-five percent or more of its regular students were incarcerated;

(4) More than 50 percent of its regular students were enrolled as "ability-to benefit students" (i.e., without a high school diploma), the recognized equivalent *and* the institution did not provide a four- or two-year program for which it awards a bachelor's or associate degree, respectively.

(Note: "Correspondence course" is defined in 34 CFR 600.2.)

b. The institution is prohibited from paying any commission, bonus, or other incentive payment based, in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity engaged in any student recruiting or admission activities, or in making decisions regarding the awarding of Title IV, HEA program funds. This limitation does not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Title IV, HEA program funds (34 CFR 668.14(b)(22)(i)). Title 34 CFR 668.14(b)(22)(ii) describes specific activities and arrangements that an institution may carry out without violating this regulatory prohibition. It also contains a provision applying this same prohibition to any entity or person engaged by the institution to deliver services to it (34 CFR 668.14(b)(22)(iii)(C)).

The auditor should refer to the specific text of these regulations when auditing this compliance requirement.

c. An institution must ensure that its administrative procedures for the Title IV, HEA programs include an adequate system of internal checks and balances (34 CFR 668.16(c)). This system, at a minimum, must separate the functions of authorizing payment and disbursing or delivering funds so that no single person or office exercises both functions for any student receiving FSA funds.

d. Institutions must establish and publish reasonable standards for measuring whether eligible students are maintaining satisfactory academic progress (SAP) in their educational program. The institution's standards are reasonable if the standards (34 CFR 668.16(e) and 668.34) do the following:

(1) Are the same as or stricter than the standards for a student enrolled in the same program that is not receiving Title IV student financial aid;

(2) Provide for consistent application of standards to all students within categories of students and educational programs;

(3) Provide for the student's academic progress to be evaluated

(a) at the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or

(b) for all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;

(4) Include a qualitative component, which generally consists of grades that are measurable against a norm, and a quantitative component (where applicable) that consists of a maximum time frame for completion of the educational program. For credit hour programs, the maximum time frame can be measured in credit hours or expressed in calendar time. The maximum time frame must, for an undergraduate program, be no longer than 150 percent of the published length of the educational program (see Federal Register, Final Rule, September 2, 2020)

- Under 34 CFR 668.34(a)(5), the quantitative measurement (pace of progression) is no longer required for subscription-based programs, nonterm programs and clock hour programs.

(5) Provide a policy that, if at the time of each evaluation, the student has not achieved the required GPA, is not successfully completing their program of study at the required pace (if required), or has not completed the program within the maximum time frame, they no longer are eligible for Title IV aid;

(6) Provide specific procedures for disbursements to students on financial aid warning status or financial aid probation status;

(7) If the institution permits the student to appeal a determination, provide specific procedures how the student may reestablish eligibility to receive Title IV; basis on which a student may file an appeal; and information that the student must submit regarding why they failed satisfactory academic progress and how they have changed that will now allow the student to make satisfactory academic progress at the next evaluation;

(8) If the institution does not permit the student to appeal a determination, provide a policy for a student to reestablish their eligibility to receive Title IV assistance; and

(9) Provide notification to the students of their results of an evaluation that impacts their eligibility for Title IV.

Note: Due to the COVID-19 national emergency, attempted credits a student was unable to complete as the result of a COVID-19 related circumstance may be excluded from the quantitative (pace) component of SAP. This flexibility is applicable for SAP assessments made for payment periods that include or begin after March 13, 2020, through the end of the payment period that includes the last date that the national emergency is in effect (section 3509 of the CARES Act. May 15, 2020 electronic announcement). The *Eligibility and Certification Approval Report* (ECAR) that ED sends to the institution lists locations where students are eligible for Title IV funds. (Title IV program eligibility for an institution and its programs does not automatically include separate locations and extensions.) If, after receipt of the ECAR, an institution wishes to add a location at which at least 50 percent of an educational program is offered that is licensed and accredited, it must notify ED (34 CFR 600.10(b)).

All institutions are required to report (using the *Electronic Application for Approval to Participate in the Federal Student Aid Programs* or E-App) to ED when adding an additional accredited and licensed location where they will be offering 50 percent or more of an eligible program if the institution wants to disburse FSA program funds to students enrolled at that location.

Institutions must not disburse FSA program funds to students at a new location before the institution has reported that location and submitted any required supporting documents to ED. Once it has reported a new licensed and accredited location, unless it is an institution that is required to apply for approval for a new location under 34 CFR 600.20(c), an institution may disburse FSA program funds to students enrolled at that location.

An institution must report and obtain approval for an additional location where 50 percent or more of an eligible program will be offered if any of the following apply to the institution and/or the additional location—

The institution is provisionally certified.

The institution is on the cash monitoring or reimbursement system of payment.

The institution has acquired the assets of another institution that provided educational programs at that location during the preceding year, and the other institution participated in the FSA programs during that year.

The institution would be subject to a loss of eligibility under the cohort default rate regulations if it adds that location.

The institution was previously notified by ED that it must apply for approval of an additional location.

Note: For any additional location not meeting the approval requirements above, none of the students at that location are eligible for Title IV program funds and all funds disbursed to students at that location are questioned costs.

Audit Objectives Determine whether the institution meets the above institutional eligibility requirements as applicable. All disbursements made to students determined to be ineligible for Title IV funds per published SAP and regulatory standards are questioned costs.

Suggested Audit Procedures

a. For the award year that ended during the fiscal year, obtain from the institution its calculation of its award year institutional eligibility ratios of correspondence courses, students enrolled in correspondence courses, and incarcerated and "ability-to-benefit students." Ascertain the proper classification and completeness of data and accuracy of the calculations.

b. Ascertain the methodologies used to recruit, admit, and enroll students, and award federal financial aid (e.g., using employees, employment contracts, contracting with third parties or Internet providers, or combinations of these or other methods).

(1) For institutional employees who recruit, admit, and enroll students, and award federal financial aid, evaluate the compensation plans and all forms of compensation to the employees, to determine whether the institution is in compliance with the regulatory requirements.

(2) For contracts with third parties who recruit, admit, and enroll students, and award financial aid for the institution, read the contracts to identify any provisions indicating that third parties were to act in a manner contrary to regulations pertaining to paying commissions, bonuses or other incentive payments. Also, review payments made to third parties to determine if payments were made in excess of contractual provisions. Determine if

excess payments were made to cover commissions, bonuses, or other incentive payments, made by the third party servicer contrary to the regulations.

c. If not evaluated under the tests of internal control, evaluate the institution's policies for the authorization and disbursement of Title IV funds to determine whether those policies require that no single person or office exercises both functions for any student receiving Title IV funds and test a sample of authorizations and disbursement transactions to ensure that the requirement that no single person or office exercises control over both the authorization and disbursement of Title IV funds is met.

d. Ascertain from a review of the institution's published satisfactory academic progress standards whether all required elements are included in the standards.

e. Obtain the ECAR that was in effect for the audit period and identify the main campus and any additional locations. Ascertain if the institution is offering more than 50 percent of an eligible program at any locations not on the ECAR. If so, determine if the institution notified ED of the additional location or submitted an application for approval of the additional location as required.

9. Program Eligibility

SFA - Title IV Programs

Clock-to-Credit Hour Conversion (34 CFR 668.8 (k) and (l))

Compliance Requirements If an institution offers an undergraduate program in credit hour RLF Standard Terms and Conditions, Part II, section D) 4) a) (x)).s, it must determine the number of Title IV credit hours associated with the program and each class within the program unless:

a. The program is at least two academic years in length and provides an associate degree, a bachelor's degree, a professional degree, or an equivalent degree as determined by ED; or

b. Each course within the program is acceptable for full credit toward completion of a single eligible program offered by the institution that provides an associate degree, bachelor's degree, professional degree, or equivalent degree as determined by ED, provided that 1) the eligible program requires at least two academic years of study; and 2) the institution can demonstrate that at least one student graduated from the program during the current award year or the two preceding award years.

The formula will determine if, after the conversion, the program includes the minimum number of credit hours to qualify as an eligible program for Title IV, HEA purposes. The formula also determines the number of Title IV credit hours associated with each class that an institution can use to determine a student's enrollment status during the program.

For determining the number of credit hours in that educational program:

- a semester or trimester hour must include at least 30 clock hours of instruction, and
- a quarter hour must include at least 20 clock hours of instruction.

See Federal Register, Final Rule, September 2, 2020.

If an institution provides a credit-hour non-degree program that is subject to the clock-hour to credit-hour conversion, the institution no longer uses out-of-class hours in the conversion calculation.

Audit Objectives Determine whether any programs offered by the institution must meet the clock-to-credit hour conversion requirements and that the formula for conversion was accurately applied.

Suggested Audit Procedures

a. Review and evaluate the programs offered by the institution to determine whether any of the programs must meet the clock-to-credit hour conversion requirements.

b. For a sample, based on the number of students served by the clock-to-credit hour programs, of programs that must meet the clock-to-credit hour conversion requirements, determine whether the formula was accurately applied.

10. Short-Term Programs at Postsecondary Vocational Institutions

Compliance Requirements For the Direct Loan Program, short-term eligible programs at a postsecondary vocational institution (as defined at 34 CFR 600.6(a)) must be between 300–599 clock hours. They must have been provided for at least one year and must have a substantiated completion and placement rate of at least 70 percent for the most recently completed award year (34 CFR 668.8(d)(2)(ii), 668.8(d)(3)(ii), and 668.8(e)). Completion and placement rates must be calculated in accordance with 34 CFR 668.8(f) and (g).

An institution must have documentation supporting its placement rates for each student showing that the student obtained gainful employment in the recognized occupation for which he or she was trained or in a related comparable recognized occupation. Examples of satisfactory documentation of a student's gainful employment include but are not limited to (1) a written statement from the student's employer, (2) signed copies of state or federal income tax forms, and (3) written evidence of payments of Social Security taxes (34 CFR 668.8(g)(2)).

Audit Objectives If there are eligible short-term programs for which students received loans under the Direct Loan program, determine whether the institution's calculation of its completion and placement rates was in accordance with ED requirements.

Suggested Audit Procedures

a. Review the completion and placement calculation to determine that the calculations were computed as specified in 34 CFR 668.8(f) and (g).

b. Select samples of students counted in the completion and placement components of the calculations and trace to records that support their inclusion in that component of the calculation, including records supporting students' gainful employment.

11. General Program Eligibility

Compliance Requirements An institution's eligibility does not necessarily extend to all its programs so the institution is responsible for ensuring that a program is eligible before awarding Title IV funds to students in that program. A student is not eligible to receive Title IV funds for an ineligible program.

An eligible program needs to be included under the notice of accreditation from a nationally recognized accrediting agency (34 CFR 600.4, 600.5, and 600.6). An agency may or may not require an institution to seek its approval before adding new programs.

An eligible program needs to be authorized by the appropriate state to offer the program if the state licenses individual programs at postsecondary institutions. In some instances, an institution or program may need a general authorization as well as licensure for a specific program approval (34 CFR 600.4, 600.5, and 600.6).

Generally, the institution's eligible nondegree programs and locations are specifically named on the ECAR. Additional locations and programs may be added later. Once the School Participation Division (SPD) has approved the program/location, it will notify the institution and an updated ECAR can be printed. See the discussion under *FSA Handbook, Volume 2, Chapter 5 Changes to Educational Programs* for a discussion of when and how an institution must notify ED when adding programs and when the institution must wait for approval from ED. Note that all Gainful Employment programs must be reported to ED and all direct assessment programs, comprehensive transition and postsecondary programs, and short-term programs must be reported to and approved by ED (34 CFR 668.8(n), 34 CFR 668.8(d), and 34 CFR 668.232) prior to making disbursements to eligible students. All disbursements made to students at programs required to obtain prior approval from ED where that approval was not obtained prior to making the disbursement are questioned costs.

The 34 CFR 668.8 defines general program eligibility requirements for institutions of higher education and postsecondary vocational institutions including program level offerings, credential offered, minimum program lengths for each level of offering, and program measurements. Approvals for an institution's program levels offered, credentials offered and non-degree programs are noted on the institution's ECAR. Programs that have been added subsequent to the institution's most recent certification may not be on the ECAR. An institution may require ED's approval for new programs prior to

disbursing Title IV program funds if it has been put on any restrictions by ED, such as provisional certification or issues relating to financial responsibility.

Audit Objectives Determine whether students who received Title IV funds during the audit period were enrolled in ineligible programs.

Suggested Audit Procedures

a. Review the institution's accreditation and state licensure documentation. Determine whether accreditation and licensure or state approval, where required, was in effect for all corresponding educational programs, program levels, and credentials offered.

b. Determine whether the institution required ED's approval for new programs prior to disbursing Title IV program funds. Determine whether any programs requiring the ED's approval prior to disbursing Title IV program funds received such approval prior to the institution disbursing Title IV program funds.

12. Distance Education Program

Compliance Requirements A distance education course is a course offered to students who are separated from the instructor or instructors and involves regular and substantive interaction between students and the instructor or instructors. The interaction may be synchronous (student and instructor are in communication at the same time) or asynchronous. The technologies may include: (1) the internet; (2) One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communication devices; (3) audio conference; and (4) other media used in conjunction with one of the three technologies listed to support interaction between the students and the instructor (34 CFR 600.2). If a course where students are separated from the instructor does not qualify as a distance education course, it is a correspondence course.

In distance education, an *instructor* is defined as an individual responsible for delivering course content and who meets the qualifications for instruction established by an institution's accrediting agency (34 CFR 600.2).

In addition, *substantive interaction* is defined as engaging students in teaching, learning, and assessment, consistent with the content under discussion, and also includes at least two of the following:

- Providing direct instruction;
- Assessing or providing feedback on a student's coursework;
- Providing information or responding to questions about the content of a course or competency;

- Facilitating a group discussion regarding the content of a course or competency; or

- Other instructional activities approved by the institution's or program's accrediting agency.

An institution must ensure regular interaction between a student and instructor or instructors by, prior to the student's completion of a course or competency:

- Providing the opportunity for substantive interactions with the student on a predictable and scheduled basis commensurate with the length of time and the amount of content in the course or competency; and

- Monitoring the student's academic engagement and success and ensuring that an instructor is responsible for promptly and proactively engaging in substantive interaction with the student when needed on the basis of such monitoring, or upon request by the student.

Academic engagement refers to active participation by a student in an instructional activity related to a student's course of study and is defined by the institution in accordance with any applicable requirements of its state or accrediting agency. The 34 CFR 600.2 provides specific activities that would meet the definition of academic engagement. It also provides examples of activities that do not meet the definition.

The academic year regulatory requirements amended the definition of "week of instructional time" to account for asynchronous coursework through distance education or correspondence courses (34 CFR 668.3(b)(ii)(A) and (B)). In addition, there is a new definition of "clock hour" specific to distance education to account for a period of attendance in a synchronous or asynchronous class, lecture or recitation or an asynchronous learning activity involving academic engagement in which the student interacts with technology that can monitor and document the amount of time that the student participates in the activity. A clock hour in a distance education program does not meet the requirements of this definition if it does not meet all accrediting agency and state requirements or if it exceeds an agency's or state's restrictions on the number of clock hours in a program that may be offered through distance education. (34 CFR 600.2)

If an eligible program is offered in whole or in part through distance education, the institution must have been evaluated and accredited for its effective delivery of distance education by an accrediting agency that: (1) is recognized by the secretary of ED and (2) has distance education within its scope of recognition. (34 CFR 668.8(m)). A list of recognized accrediting agencies, including the scope of recognition, is available at https://ope.ed.gov/dapip/#/agency-list.

On August 31, 2020, ED published a *Federal Register* notice concerning the rescission of guidance that was outdated. That notice announced that Dear Colleague Letter GEN-06-17, Institutional Accreditation for Distance Learning Programs, was rescinded. ED published an electronic announcement on January 19, 2021 explaining this rescission and

its effects on the requirement for an accrediting agency to evaluate an institution's ability to effectively offer distance education. Previously, under this interpretation of the 2006 Dear Colleague Letter, if an institution did not offer more than 50 percent of its courses via distance education, did not have more than 50 percent of its students enrolled in distance education, or did not offer more than 50 percent of an educational program via distance education, its distance education programs were not required to be evaluated or approved by an accrediting agency with distance education in its scope of recognition. Following ED's January 19, 2021 announcement, subject to the COVID-19 flexibilities described below, before an institution offers *any* distance education programs that can be eligible for Title IV, the institution must be evaluated and accredited for its effective delivery of distance education programs by a recognized agency that has distance education within its scope of recognition.

Note: Due to disruptions caused by the COVID-19 pandemic, during the period of the COVID-19 national emergency ED waived the requirement under 34 CFR 668.8(m) for an institution to be evaluated and accredited for its effective delivery of distance education by a recognized accrediting agency. This waiver extends to all payment periods that include or begin after March 13, 2020, through the end of the payment period that begins after the date on which the federally declared national emergency related to COVID-19 is rescinded.

Audit Objectives Determine whether the institution has been evaluated and accredited for effective delivery of distance education by the institution's accrediting agency.

Suggested Audit Procedures

a. Review the institution's accreditation document(s) to determine that its accrediting agency is approved to accredit distance education programs and that the institution has been evaluated and approved for its effective delivery of distance education.

b. If an institution is offering at least one distance education program and was not evaluated by its accrediting agency, determine whether the COVID-19 pandemic waiver was applicable throughout the audit period and, if not, whether the institution was evaluated and approved by its accrediting agency prior to the end of the waiver period.

13. Gramm-Leach-Bliley Act–Student Information Security

SFA - Title IV Programs

Compliance Requirements The Gramm-Leach-Bliley Act (Pub. L. No. 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data (16 CFR 314). The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as "financial institutions" and subject to the Gramm-Leach-Bliley Act because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Under an institution's Program Participation Agreement with the ED

and the Gramm-Leach-Bliley Act, institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the federal student financial aid programs (16 CFR 314.3; HEA 483(a)(3)(E) and HEA 485B(d)(2)). ED provides additional information about cybersecurity requirements at https://studentprivacy.ed.gov/security.

Audit Objectives Determine whether the institution designated an employee or employees to coordinate the information security program; performed a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b) and documented safeguards for identified risks.

Suggested Audit Procedures

a. Verify that the institution has designated an employee or employees to coordinate the information security program.

b. Verify that the institution has performed a risk assessment that addresses the three required areas noted in 16 CFR 314.4 (b), which are (1) employee training and management; (2) information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (3) detecting, preventing and responding to attacks, intrusions, or other systems failures.

c. Verify that the institution has documented a safeguard for each risk identified from step b above.

14. Federal Perkins Loan Liquidation

SFA - Title IV Programs

Compliance Requirements For an institution that decided to stop participating in the Federal Perkins Loan program (Perkins) (Assistance Listing 84.038), the institution is responsible for returning any unspent funds (34 CFR section 668.14(b)(25)). The institution must perform the end-of-participation procedures in which it must (a) notify ED of the intent to stop participating in Perkins (34 CFR section 668.26(b)(1)); (b) purchase any outstanding loans left in its Perkins portfolios or assign them to ED (34 CFR sections 674.8(d), 674.17(a)(2), and 674.45(d)(2)); and (c) maintain program and fiscal records of all Perkins funds since the most recent Fiscal Operations Report (FISAP) was submitted, and reconcile this information at least monthly (34 CFR section 674.19(d)). The FISAP form is available at https://fsapartners.ed.gov/knowledge-center/topics/campus-based-processing-information/fisap-form-and-instructions.

ED has compiled its guidance on the Perkins loan program wind-down, liquidation, and related issues at https://fsapartners.ed.gov/knowledge-center/library/program/Perkins%20Loan. In addition to the Guide, the website also

includes a Federal Perkins Loan Frequently Asked Questions | Knowledge Center and other information. The website is updated by ED as additional guidance is developed.

Audit Objectives Determine whether the institution ceasing to participate in the Perkins loan program has properly performed end-of-participation procedures.

Suggested Audit Procedures

a. Review, evaluate, and document procedures that the institution used to notify ED of its intent to liquidate its Perkins loan portfolios.

b. If the institution has completed the liquidation of its Perkins loan portfolio, ascertain that the institution has either purchased or assigned to ED any Perkins loans with outstanding balances.

c. If the process of liquidating outstanding loans has not been completed, verify that the institution has begun to assign those loans to ED.

d. Ascertain that the institution, as part of its procedures for maintaining program and fiscal records for all transactions that occurred after the most recent FISAP was filed, reconciled the following information:

   (1) All loans for the total number of borrowers that make up the portfolio have been accounted for, including retired loans (including loans purchased) and loans assigned to ED (including validation of the computed accumulated interest charged on the loans);

   (2) Service cancellation data that will be counted in Part III, *Fiscal Report* (Section A, lines 7–25 and 35–52), and all of the data that will be in Part III, *Cumulative Repayment Information* (Section C, lines 1.1–5.4);

   (3) The Federal Capital Contribution (FCC) that will be reported at the end of fiscal year under *Fund Activity* (Section B, lines 1–4);

   (4) The Institutional Capital Contribution (ICC) that will be reported at the end of fiscal year under *Fund Activity* (Section B, line 6); and

   (5) Overall cash-on-hand or excess cash amounts (this overall cash-on-hand amount would include payment to the Perkins fund for any loans the institution may have purchased) (Section A, Line 1.1).

e. If the liquidation process is complete, validate that the distributional shares of the final capital distribution are calculated using the Over-time Calculation provided in page nine of the Perkins Liquidation Procedures and that the federal portion is returned to the US Treasury.

IV. OTHER INFORMATION

While the programs included in this cluster are generally similar in their intent, administration, documentation, etc., there are differences among them. Because of space considerations, this cluster supplement does not list all of the differences, exceptions to general rules or nuances pertaining to specific programs. Auditors should use regulations and guidance applicable to the year(s) being audited when auditing the SFA programs.

SFA - Title IV Programs

Several waivers related to the COVID-19 national emergency apply at least as long as the national emergency persists. Because the national emergency was in effect for the period covered by this Compliance Supplement, institutions remain obligated to comply with requirements related to such waivers. More information about sunset dates for COVID-19 waivers and flexibilities can be found in an Electronic Announcement published January 15, 2021.

Pell Payment Data

All Pell Payment Data for an award year must be submitted by September 30 after the award year. Adjustments for Pell grants not claimed by September 30 can be made if the first audit report for the period in which the unclaimed Pell grants were made contains a finding that the institution made proper Pell awards for which it has not received either reimbursement or credit.

APPENDIX A

STUDENT FINANCIAL ASSISTANCE PROGRAMS

STUDENT ELIGIBILITY COMPLIANCE REQUIREMENTS

Requirements	PELL	IASG	FWS	FSEOG	TEACH	DIRECT LOAN	HSPL/PCL /LDS	NSL/NFLP	SDS
1. A regular student enrolled or accepted for enrollment in an eligible program (34 CFR 600.2, 668.32(a)(1)(i), 690.75, 675.9, 676.9, 685.200, 686.11, 20 USC 1070h; 42 CFR 57.206(a) and 57.306(a), 42 USC 293a(d)(2))[1] unless meeting an exception.	x	x	x	x	x	x	x	x	
2. U.S. Citizen, National, or provides evidence from the U.S. Citizenship and Immigration Services that he or she is a permanent resident or in the U.S. with the intention of becoming a citizen or permanent resident (eligible noncitizen) (34 CFR 668.32(d), 668.33(a), 690.75, 675.9, 676.9, , 685.200, 686.11, and 20 USC 1070h) and, for HPL/PCL/LDS, an alien lawfully admitted for permanent residence in the U.S. or a citizen of the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Republic of the Marshall Islands, or of the Federated States of Micronesia (42 CFR 57.206(a) and 57.306(a))	x	x	x	x	x	x	x	x	
3. Has financial need and total awards do not exceed need (34 CFR 675.9(c), 676.9(c), 685.200(a)(2)(i), 690.63, 20 USC 1070a, 42 CFR 57.206(b) and 57.306(b); 42 USC 293a(d)(2)); 42 USC 297n-1(c)(2))	x[2]		x	x		x[3]	x	x	x
4. Does not owe a Title IV grant overpayment(34 CFRs 668.32(g)(4), 690.75, 675.9, 676.9, , 685.200, 686.11, 20 USC 1070h; 42 CFRs 57.206 and 57.306)	x	x	x	x	x	x			
5. Not in default on any student loans (34 CFRs 668.32(g)(1), 690.75, 675.9, 676.9, 685.200, 686.11, 20 USC 1070h; 42 CFRs 57.206 and 57.306)	x	x	x	x	x	x	x		
6. Has not obtained loan amounts that exceed annual or aggregate loan limits (34 CFR 668.32(g) (2))	x	x	x	x	x	x	x		
7. Does not have property subject to a judgment lien for a debt owed to the United States (34 CFR 668.32(g)(3))	x	x	x	x	x	x			
8. Must maintain good standing, or satisfactory academic progress (34 CFRs 668.16, 668.32(f), 668.34, 690.75, 675.9, 676.9, 685.200, 686.11, 20 USC 1070h; 42 CFR 57.306; 42 USC 293a(d)(2))	x	x	x	x	x	x	x	x	
9. Has a valid Social Security Number[4] (34 CFRs 668.32(i), 668.36, 675.9, 676.9, , 685.200, 686.11, 20 USC 1070h)	x	x	x	x	x	x			
10. Has a high school diploma, its recognized equivalent, or another indication of high school completion status, or qualifies for one of the ability-to-benefit (ATB) alternatives(34 CFR 668.32(e), 690.75, 675.9, 676.9, 685.200, 686.11, 20 USC 1070h)	x	x	x	x	x	x			

Requirements	PELL	IASG	FWS	FSEOG	TEACH	DIRECT LOAN	HSPL/PCL /LDS	NSL/NFLP	SDS
11. Is not enrolled in either an elementary or secondary school (34 CFR 668.32(b))	x	x	x	x	x	x			
12. In the case of a student who has been convicted of, or has pled nolo contendere or guilty to, a crime involving Title IV funds, has completed the repayment of such assistance (34 CFR 668.32(m))	x	x	x	x	x	x			
13. For an undergraduate student, has not completed coursework for a first baccalaureate (34 CFR 668.32(c))[5]	x	x		x	x				
14. An undergraduate student has received for award year, a SAR or determination of eligibility or ineligibility for a Federal Pell Grant (34 CFR 676.10, 685.200(a)(1)(iii), 690.75, 20 USC 1070h)	x	x		x		x			
15. Is enrolled or accepted for enrollment as an undergraduate student at the institution (34 CFR 676.9(b), 690.75(a)(2))	x	x		x					
16. Is not incarcerated (34 CFR 600.2, 668.32(c)(2)(ii) and (c)(3))	x[6]	x				x			
17. If the student is not a regular student enrolled or accepted for enrollment in an eligible program (see item 1 above), the student is enrolled in preparatory coursework necessary for enrollment in an eligible program for not longer than one 12-month period (34 CFR 668.32(a)(1)(ii)), 685.203(a)(6)						x			
18. If the student is not a regular student enrolled or accepted for enrollment in an eligible program (see item 1 above), the student is enrolled or accepted for enrollment as at least a half-time student (except for TEACH) at an eligible institution in a program necessary for a professional credential or certification from a state that is required for employment as a teacher in an elementary or secondary school in that state (34 CFR 668.32(a)(1)(iii))	x	x	x		x	x			
19. Is enrolled or accepted for enrollment as an undergraduate, graduate, or professional student at the institution, (34 CFR 668.32(a), 675.9(b), and 685.101(b))	x	x	x	x	x	x			
20. Is enrolled or accepted for enrollment, on at least a half-time basis in an institution that participates in the Direct Loan Program (34 CFR 668.32(a)(2), 685.200(a)(1)(i))						x			
21. Parents can receive a PLUS loan if the parent does not have an adverse credit history and conditions in items 2, 4, 5, 10, and 14 above are met by the parent and the student otherwise meets all student eligibility requirements (34 CFR 668.32 and 685.200(c)(2))						x			
22. Students met FSEOG selection criteria (34 CFR 676.10)				x					
23. Has signed a TEACH Grant agreement to serve (34 CFR 686.11(a)(1)(ii) and 668.12)					x				
24. Is enrolled in a TEACH Grant-eligible institution in a TEACH Grant-eligible program (34 CFR 686.11(a)(1)(iii))					x				

Requirements	PELL	IASG	FWS	FSEOG	TEACH	DIRECT LOAN	HSPL/PCL /LDS	NSL/NFLP	SDS
25. Is completing coursework and other requirements necessary to begin a career in teaching or plans to complete such coursework and requirements prior to graduating (34 CFR 686.11(a)(1)(iv))					x				
26. For the purposes of a student in a first post-baccalaureate program, has not completed the requirements for a post-baccalaureate program as described in 34 CFR 686.2(d) (34 CFR 668.32(c)(4)(ii))					x				
27. If in the first year of an undergraduate program, the student has a final cumulative secondary school GPA upon graduation of at least a 3.25; a cumulative GPA of at least 3.25 based on courses taken at the institution through the most-recently completed payment period; or a score above the 75th percentile (for that period the test was taken) on at least one of the nationally-normed standardized undergraduate admissions test, which may not include a placement test (34 CFR 686.11(a)(1)(v)(A) and (E))					x				
28. If beyond the first year of an undergraduate program, the student has a cumulative GPA of at least 3.25 as determined by the institution, through the most recently completed payment period; or a score above the 75th percentile (for that period the test was taken) on at least one of the nationally-normed standardized undergraduate, admissions test, which may not include a placement test (34 CFR 686.11(a)(1)(v)(B) and (E))					x				
29. If the student is a graduate student during the first payment period, a cumulative undergraduate GPA of at least 3.25; if the student is a graduate student beyond the first payment period, a cumulative graduate GPA of at least 3.25 through the most-recently completed payment period; or a score above the 75th percentile (for that period the test was taken) on at least one of the nationally-normed standardized undergraduate, graduate, or post-baccalaureate admissions test, which may not include a placement test (34 CFR 686.11(a)(1)(v)(C), (D), and (E))					x				
30. If the student is a current or former teacher or a retiree, the student is applying for a grant to obtain a master's degree or pursuing certification through a high-quality alternative certification route (34 CFR 686.11(b)(2))					x				
31. The student is eligible if he or she was less than 24 years old when the covered parent or guardian died, or if 24 years old and over, was enrolled at an institution of higher education at the time of the covered parent or guardian's death (20 USC 1070h)		x							

Notes:

[1] An otherwise-eligible student who is not enrolled as a regular student may be eligible to receive Direct Loan funds if the student is enrolled in preparatory coursework under 668.32(a)(1)(ii) and 685.203(a)(6). Similarly, students who are not enrolled as

regular student in programs leading to a degree or certificate may receive Pell and TEACH Grants through enrollment in an eligible postbaccalaureate teacher certification program under limited circumstances under 34 CFR 690.6(c) and 686.3(a).
[2]The Pell Grant is calculated based on COA and EFC and in accordance with the Pell Payment and Disbursement Schedules published annually by ED, but it is not adjusted to account for other resources or estimated financial assistance.
[3] Does not apply to unsubsidized loans and parent loans.
[4] The requirement for a Social Security Number does not apply to students who are residents of the Federated States of Micronesia, Republic of the Marshall Islands, or Republic of Palau.
[5]There is an exception for Pell and TEACH Grants if the student meets alternative requirements through enrollment in a postbaccalaureate teacher certification or licensing program under 690.6(c) and 686.3(a).
[6]Students incarcerated in federal and state penal institutions are not eligible for Pell Grants, but those incarcerated in local penal institutions are eligible.

OTHER CLUSTERS

Programs included in this Supplement deemed to be other clusters

Agency	Assistance Listing No.	Name of Other Cluster/Program
		SNAP Cluster
USDA	10.551	Supplemental Nutrition Assistance Program (SNAP)
	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
		Child Nutrition Cluster
USDA	10.553	School Breakfast Program (SBP)
	10.555	National School Lunch Program (NSLP)
	10.556	Special Milk Program for Children (SMP)
	10.559	Summer Food Service Program for Children (SFSPC)
	10.582	Fresh Fruit and Vegetable Program (FFVP)
		Food Distribution Cluster
USDA	10.565	Commodity Supplemental Food Program
	10.568	Emergency Food Assistance Program (Administrative Costs)
	10.569	Emergency Food Assistance Program (Food Commodities)
		Forest Service Schools and Roads Cluster
USDA	10.665	Schools and Roads–Grants to States
	10.666	Schools and Roads–Grants to Counties
		Community Facilities Loans and Grants Cluster
USDA	10.766	Community Facilities Loans and Grants
	10.780	Community Facilities Loans and Grants (Community Programs)
		Economic Development Cluster
DOC	11.300	Investments for Public Works and Economic Development Facilities
	11.307	Economic Adjustment Assistance

Section 8 Project-Based Cluster

HUD	14.182	Section 8 New Construction and Substantial Rehabilitation
	14.195	Section 8 Housing Assistance Payments Program
	14.249	Section 8 Moderate Rehabilitation Single Room Occupancy
	14.856	Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation

CDBG - Entitlement Grants Cluster

HUD	14.218	Community Development Block Grants/Entitlement Grants
	14.225	Community Development Block Grants/Special Purpose Grants/Insular Areas

CDBG - Disaster Recovery Grants – Pub. L. No. 113-2 Cluster

HUD	14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
	14.272	National Disaster Resilience Competition (CDBG-NDR)

HOPE VI Cluster

HUD	14.866	Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)
	14.889	Choice Neighborhoods Implementation Grants

Housing Voucher Cluster

HUD	14.871	Section 8 Housing Choice Vouchers
	14.879	Mainstream Voucher Program (MV)

477 Cluster

DOI	15.025	Services to Indian Children, Elderly and Families
	15.026	Indian Adult Education
	15.113	Indian Social Services – Welfare Assistance
	15.114	Indian Education – Higher Education Grant
	15.130	Indian Education – Assistance to Schools (Johnson-O'Malley)
DOL	17.265	Native American Employment and Training
HHS	93.558	Temporary Assistance for Needy Families (TANF)
	93.569	Community Services Block Grant
	93.575	Child Care and Development Block Grant
	93.594	Tribal Work Grants – Native Employment Works (NEW)
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Note: The DOL and HHS programs listed above have separate program supplements in Part 4 of the Supplement. The 477 cluster or the program supplement applies as indicated at the beginning of the 477 cluster.

Fish and Wildlife Cluster

DOI	15.605	Sport Fish Restoration Program
	15.611	Wildlife Restoration and Basic Hunter Education
	15.626	Enhanced Hunter Education and Safety Program

Employment Service Cluster

DOL	17.207	Employment Service/Wagner-Peyser Funded Activities
	17.801	Jobs for Veterans State Grant

WIOA Cluster

DOL	17.258	WIOA Adult Program
	17.259	WIOA Youth Activities
	17.278	WIOA Dislocated Worker Formula Grants

Highway Planning and Construction Cluster

DOT	20.205	Highway Planning and Construction (Federal-Aid Highway Program)
	20.219	Recreational Trails Program
	20.224	Federal Lands Access Program
	23.003	Appalachian Development Highway System

FMCSA Cluster

DOT	20.218	Motor Carrier Safety Assistance Program
	20.237	High Priority Grant Program

Federal Transit Cluster

DOT	20.500	Federal Transit—Capital Investment Grants (Fixed Guideway Capital Investment Grants)
	20.507	Federal Transit—Formula Grants (Urbanized Area Formula Program)
	20.525	State of Good Repair Grants Program
	20.526	Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)

Transit Services Programs Cluster

DOT	20.513	Enhanced Mobility of Seniors and Individuals with Disabilities
	20.516	Job Access and Reverse Commute Program

	20.521	New Freedom Program
		Highway Safety Cluster
DOT	20.600	State and Community Highway Safety
	20.611	Incentive Grant Program to Prohibit Racial Profiling
	20.616	National Priority Safety Programs
		Clean Water State Revolving Fund (CWSRF) Cluster
EPA	66.458	Capitalization Grants for Clean Water State Revolving Funds
	66.482	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Clean Water State Revolving Funds
		Drinking Water State Revolving Fund (DWSRF) Cluster
EPA	66.468	Capitalization Grants for Drinking Water State Revolving Funds
	66.483	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants for Drinking Water State Revolving Funds
		Special Education Cluster (IDEA)
ED	84.027	Special Education–Grants to States (IDEA, Part B)
	84.173	Special Education–Preschool Grants (IDEA Preschool)
		TRIO Cluster
ED	84.042	TRIO–Student Support Services
	84.044	TRIO–Talent Search
	84.047	TRIO–Upward Bound
	84.066	TRIO–Educational Opportunity Centers
	84.217	TRIO–McNair Post-Baccalaureate Achievement
		Aging Cluster
HHS	93.044	Special Programs for the Aging–Title III, Part B—Grants for Supportive Services and Senior Centers, CARES Act for Supportive Services Under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III-B of the Older Americans Act
	93.045	Nutrition Services and CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title III-C of the Older Americans Act
	93.053	Nutrition Services Incentive Program

		Hurricane Sandy Relief Cluster
HHS	93.095	HHS Programs for Disaster Relief Appropriations Act–Non-Construction
	93.096	HHS Programs for Disaster Relief Appropriations Act–Construction
		Health Center Program Cluster
HHS	93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
	93.527	Grants for New and Expanded Services under the Health Center Program
		CCDF Cluster
HHS	93.489	Child Care Disaster Relief
	93.575	Child Care and Development Block Grant
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
		Head Start Cluster
	93.356	Head Start Disaster Recovery from Hurricanes Harvey, Irma, and Maria
	93.600	Head Start
		Medicaid Cluster
HHS	93.775	State Medicaid Fraud Control Units
	93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778	Medical Assistance Program (Medicaid; Title XIX)
		Foster Grandparent/Senior Companion Cluster
CNCS	94.011	Foster Grandparent Program
	94.016	Senior Companion Program
		Disability Insurance/SSI Cluster
SSA	96.001	Social Security–Disability Insurance
	96.006	Supplemental Security Income

Food For Peace Cluster

USAID	98.007	Food for Peace Development Assistance Program
	98.008	Food for Peace Emergency Program