

NASFAA



POLICIES & PROCEDURES
TOOLS

**Formulating, Implementing, & Evaluating
Policies & Procedures**

The Development Cycle of a Policy & Procedure

Formulate/Update



Change



Evaluate

Implement



The Development Cycle of a Policy & Procedure

Formulate/Update



Change: A popular SA program is discontinued, prompting many students to request a consortium agreement with a neighboring college that has a similar program.



Policy: Encourage study abroad by giving study abroad (SA) students processing priority and special attention by staff.

Procedures:

- ◆ A financial aid counselor acts as liaison to study abroad (SA) office.
- ◆ SA students may pick up and drop off aid applications at SA office.
- ◆ SA office provides budget information, departure dates, etc., to liaison.
- ◆ Processing priority is given to SA student files. If aid is still being processed upon departure, an institutional loan is offered.



Evaluate

- ◆ Are SA students applying for aid earlier than before P&P was implemented?
- ◆ What percentage/how many SA students submit their aid applications to the SA office?
- ◆ Is the SA office forwarding accurate information to the aid office in a timely manner?
- ◆ Is it working to have one person (the liaison) work with the SA office?



Implement

- ◆ Choose the most appropriate time for implementation.
- ◆ Inform all affected parties (including students) of the new P&P.

The Development Cycle of a Policy & Procedure

Formulate/Update



Change





Evaluate



Implement

Formulating Policies

Listed below are issues that should be taken into consideration when formulating policies. Your answers to these questions will provide you with a starting point for developing new policies, as well as assessing existing ones.

- **Why is the policy needed (what is the authority for or source of the requirement)?**

To ensure a streamlined, yet competent operation, policies should be necessary, not extraneous. Being prepared to show why a policy that might prove troublesome to implement is actually needed, can be a productive way to avoid intra-office turmoil and inter-office conflict. The *Policies and Procedures Regulatory Resources Guide* indicates the sources (statutory, regulatory, etc.) of policy requirements.

- **What existing policies and procedures support or conflict with the new policy?**

To avoid duplication of effort, existing policies and procedures that might accomplish or supplement those procedures required by the new policy should be identified. Other existing policies or procedures that would directly contradict or otherwise impede the new policy must also be anticipated and resolved.

- **How should the policy be crafted to conform to the institution's mission and philosophy?**

If possible, policies should support the ultimate goals and philosophy of the institution. While some policies may be strictly governed by federal regulations, whenever there is leeway, policies should not conflict with the school's mission and philosophy.

- **Whom does the policy affect (e.g., all undergraduates; all independent students)?**

To be effective, not obstructive, policies must be well targeted and affected populations clearly identified.

- **What personnel in the aid office will be involved in implementing the policy, and when will the tasks associated with implementation need to be performed?**

Knowing who will have the bulk of the work and responsibility, and at what point in the work flow new tasks will have to be accomplished, is necessary to avoid impossible bottlenecks or workloads.

- **What other offices will be affected (involved in implementation or otherwise impacted)?**

An institution cannot afford an office that thinks of itself in a vacuum. Policies often have a domino effect on the administrative functions of other offices. Policies and procedures must be globally viewed to ensure their complete implementation and effectiveness. There are some requirements that are addressed in the Title IV federal regulations that are generally outside the purview of the financial aid office. These are listed in the *Policies and Procedures Regulatory Resources Guide*.

- **Are there any sensitive political issues that might arise from the policy?**

Organizations invariably consist of units that have their own needs, goals, and agendas. Understanding where a policy might run at odds with another office's sensitivities can smooth the path for success. Involving the affected office(s) in the policy-making and procedure implementation processes will also assist in your success and create good will.

- **What other offices should be invited to participate or advise in formulating the policy and designing the procedures necessary to implement them?**

Being in compliance with Title IV regulations is an institution-wide responsibility. The more involved other offices (such as the registrar, the business office) are in the policy-making process, the better they may understand the reason for the policy. Sharing ownership of a policy and procedures by inviting participation in their formulation can also improve acceptance of them and create good will between campus offices.

- **Whose approval and support will ensure a smooth implementation?**

Educating the school's administration about controversial issues and gaining prior approval for policies and procedures designed to deal with these issues can mean short-circuiting later complaints and challenges by other members of the institutional community and by the targeted population affected by the policy. Therefore, it is important to have individuals from other offices that are directly impacted approve all related policies and procedures implementation plans. In most cases, this person is a director or designated staff person from each office involved.

Implementing Policies & Procedures

Once a policy has been set and its procedures defined, it must be put into practice. Here are some of the issues you will need to consider when implementing new policies and procedures.

- **What other offices are affected by the policy or its procedures?**

Financial aid office functions are related to those of several other offices within the institution, such as the admissions, registrar, bursar, or business offices. Any new policies and procedures or revisions to existing ones *must* be communicated to any other office that may be impacted.

Other office personnel should be involved in the formulation and implementation of policies and procedures affecting those offices. If involvement of other office personnel is not possible, it is recommended that any new policies and procedures be communicated well in advance of implementation, so that people have time to become familiar with them and ask any questions they may have. Affected offices should also be given the name of a contact person in the financial aid office in the event questions or concerns arise after implementation. An e-mail list serve of affected individuals may be a good practice for keeping everyone informed in a timely manner.

- **When will the new policy go into effect?**

Timing is a critical issue in an area where processes may start many months in advance of the beginning of an academic year. To avoid changing important aspects of a process mid-stream or trying to reverse direction and swim upstream, advance planning is required. When it is not possible to set up changes in a timely manner, the institution must clearly define what will happen to applications or other processes that have already begun.

- **How should the policies and procedures be publicized?**

The most effective way of publicizing a new policy or revisions to an existing policy will depend on the population that the policy affects. For example, if it only affects new students, the school's catalogue may be all that is needed. For currently enrolled students, it may be necessary to add articles in the student newspaper, direct mailings, e-mails, or web site updates. If the policy does

not directly affect students, intra-office or inter-office memos and/or staff meetings might be the most appropriate means of communication.

No matter how information about the new or revised policy is publicized, some permanent record of the policy decision needs to be made. Furthermore, the policy and implementation procedures need to be accessible to personnel, both current and future, for reference purposes. Normally, these needs would be satisfied by maintaining a policies and procedures manual. However, there may be some affected personnel who do not have access to the financial aid office's policies and procedures manual. In that case, they must be notified of the policy in some other manner.

- **Who is responsible for updating manuals or other compilations of policy statements?**

Most often, the financial aid office will assume the responsibility for maintaining and updating the policies and procedures manual. However, a collaboration between the financial aid office and other offices may be required on your campus.

Evaluating Policies & Procedures

New or revised policies and procedures must be evaluated periodically to ensure that they are efficiently accomplishing their purpose and meeting the requirements that prompted their formulation. A complete review of all policies and procedures should be regularly scheduled, at least annually. Because federal financial aid regulations and processes change frequently, personnel should be assigned to the task of monitoring and reviewing changes in laws or regulations so that the timely review of the school's policies and procedures may take place. Substantial changes in laws or regulations should trigger a detailed review whenever they occur.

- **Who should provide feedback about the workability of an implemented policy?**

Feedback from the personnel responsible for implementation, as well as the targeted population is vital for successful management of the financial aid operation. Other offices impacted by the policy or its procedures should also be invited to comment on how they are working.

- **How soon after implementation should feedback be sought, and how often thereafter?**

Assessment needs to take place soon enough to prevent major problems if the policy is faulty, but not so soon as to preclude a fair trial run. After initial feedback, continuing implementation of any policy should be periodically examined to ensure continued efficiency. Periodic feedback may be gathered on a regular schedule, or only when triggered by circumstances unique to the policy.

- **How should the efficiency of the policy and its procedures be measured?**

The fact that there are no complaints is not always a good indication that a policy is working smoothly — it could just as easily indicate that the policy is not being implemented at all. The purpose or desired end result of a policy should provide some clues as to how to measure whether it is working, but other measurements might need to be constructed to indicate how well or how **efficiently** it is working. If the policy is creating havoc with another office's operations, then the end might not justify the means.

- **Does the reason for the policy still exist? Has it been modified?**

Amendments to laws and regulations might add, alter, or delete requirements, making some existing institutional policies and procedures incomplete, improper, or obsolete. Changes to internal management or practices can also necessitate revising existing policies and procedures.

- **Has the target population shifted or its characteristics changed?**

Student populations are continually evolving. As more nontraditional students make up the student body. For example, child care considerations or documentation requirements for particular students take on different proportions and needs.

- **Have job descriptions or office responsibilities been altered?**

Staff turnover and administrative reorganizations can have a significant impact on the implementation of policies and the execution of procedures. For instance, if a staff position carrying responsibility for a particular procedure is eliminated or reassigned, it could trigger a domino effect.

- **Who should be invited to review existing policies and procedures?**

A record of the personnel and offices that helped to frame the original policy provides a good indication of who should help review it. However, subsequent administrative replacement or shuffling may make the original approach inappropriate.

- **How often should existing policies and procedures be reviewed?**

Although an annual review is the general recommendation, some sections of your policies and procedures manual might require more or less frequent inspection. Dear Colleague/Partner letters, new or amended legislative activity, and new or revised regulations carry more immediacy in a way they may impact institutional policies and procedures. Whatever the trigger for a review, there should be a standardized approach and a formal method for initiating and completing the review.

- **How do I find out when statutory, regulatory, or other changes happen, causing changes to my school's policies and procedures?**

It is important that the financial aid office have a procedure to ensure it is keeping up with the latest changes to statute, federal regulations, and Department of Education (ED) guidance. One means of keeping current is to sign up via ED's **Schools Portal** web site to receive e-mail notices when new documents, such as *Federal Registers*, Dear Colleague/Partner Letters, etc. are posted for the financial aid community. To sign up for this subscription service, go to (<http://fsa4schools.ed.gov/SCHOOLSWebApp/index.jsp>) and click on Listserves/Mailing Lists. There is a series of steps that you are guided through to become a subscriber. Once you sign up, you will receive weekly updates to recent statutory and regulatory changes.

NASFAA also alerts the financial aid community to statutory and regulatory changes via its daily newsletter, *Today's News*, and its weekly newsletter, *The NASFAA Newsletter*. These newsletter services also provide legislative and regulatory analysis related to federal student aid programs. If the institution is a NASFAA member, financial aid administrators at that institution may obtain access to NASFAA's services by visiting the NASFAA web site at www.nasfaa.org.

Additionally, various training activities are available via ED's FSA University and IFAP at www.ifap.ed.gov. NASFAA's annual conference and training series also provide updates and guidance on recent and upcoming student aid changes. More information on NASFAA's conference and training activities is available on the NASFAA web site at www.nasfaa.org.

Policy Decisions: Comparative Analysis

When deciding what policy to establish, especially when it is in response to an option allowed by federal regulation, you may find it helpful to list all the ramifications of each possible resulting decision. You can then analyze the procedures needed for implementation and the potential effects on other offices. This approach may also help you determine what other offices should be involved in the decision-making process. The following example illustrates how comparative analysis works.

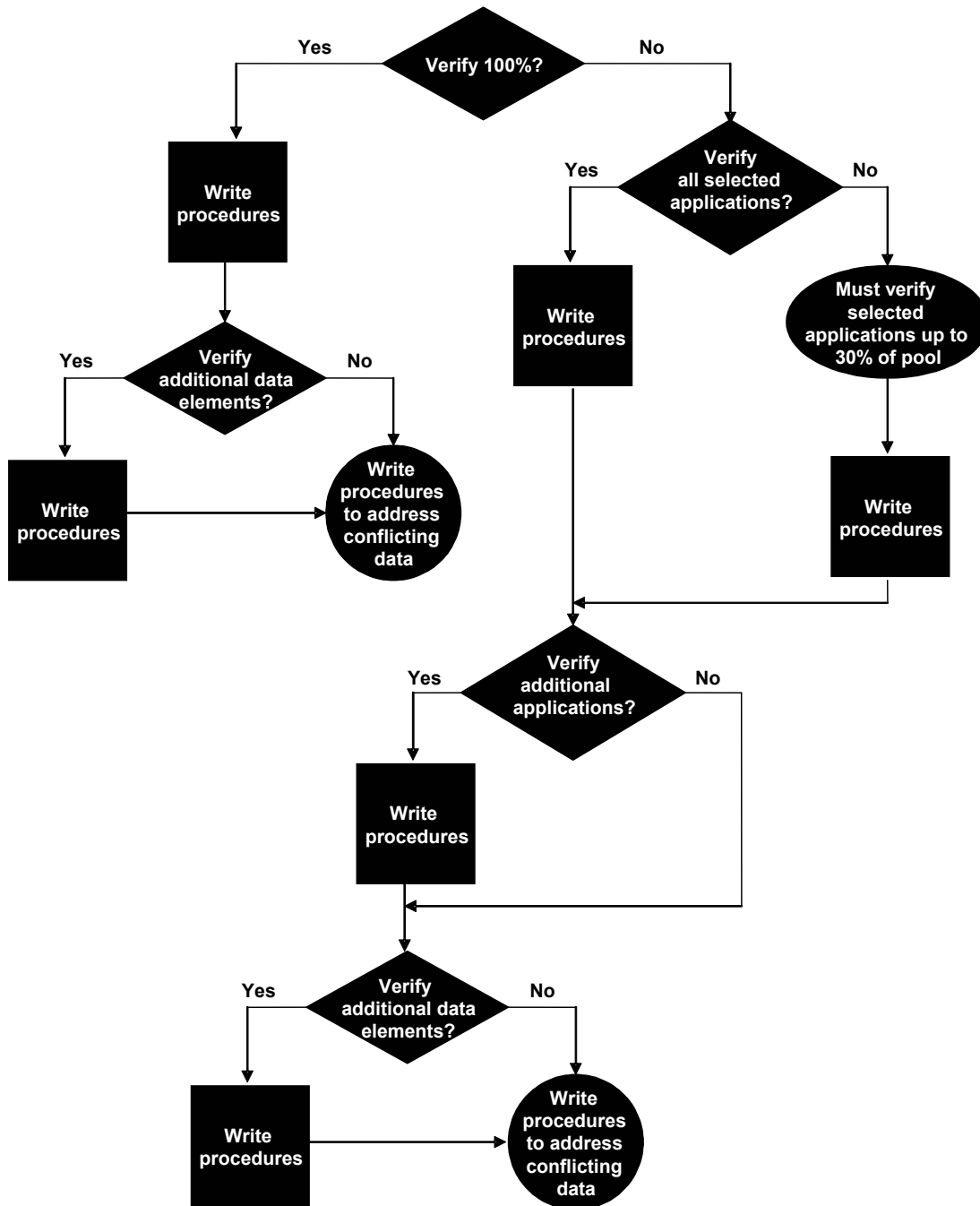
- **At issue: Will the institution certify Federal Stafford Loans prior to completion of verification?**

Yes	No
<p>Stipulations:</p> <ul style="list-style-type: none"> ▪ Applicant's file must not contain conflicting data ▪ Return check/EFT to lender within required time frame if verification shows student received an overpayment or if student fails to complete verification <p>Considerations:</p> <ol style="list-style-type: none"> 1. How will checks/EFT be intercepted and held? <ol style="list-style-type: none"> a. Aid office will have to work closely with business office to hold checks/EFT disbursements for specific students b. Business office will have to provide security for checks being held c. Aid office will have to track affected loans and tell business office when to release the hold 2. What is likelihood of completing verification within required time frame to return loan funds? 3. How will funds be returned to lenders within designated time frame? <ol style="list-style-type: none"> a. Business office will have to track days each loan is held b. Business office should notify aid office before specified number of days has expired 4. How will the aid office reconcile results of verification with previous loan certification? 	<p>Stipulations:</p> <ul style="list-style-type: none"> ▪ None ▪ Institution may allow for exceptions within established policy <p>Considerations:</p> <ol style="list-style-type: none"> 1. What will be done with a MPN pending verification? <ol style="list-style-type: none"> a. If MPN is held in aid office, it will have to be tracked b. If MPN is returned to student, notification of verification results should invite resubmission of MPN 2. How will a student who already has a MPN on file and has requested a loan be tracked? 3. How much time typically lapses between certification and disbursement? 4. What might be the consequences of adding time, as determined under item 3 above, to the period between start of school and delivery of loan funds? <ol style="list-style-type: none"> a. If hardship for student results, existing short-term loan programs (if any) may be further taxed b. Hardship to student with no other recourse might be additional cause of attrition c. Cash flow for institution might be adversely affected

<p>a. If EFC or eligibility for other aid changes, student may be eligible for more loan funds</p> <p>b. If EFC decreases and student becomes eligible for more aid than is balanced by decrease in EFC, business office may have to return portion of the loan proceeds to lender to avoid overaward</p> <p>c. If EFC increases, business office may have to return portion of loan proceeds to avoid overaward, unless other aid is decreased, and aid office will have to notify business office if all or portion of proceeds are to be returned to lender due to an overaward</p> <p>Potential Liability or Audit Exception:</p> <ol style="list-style-type: none"> 1. Loan proceeds improperly released to student 2. Loan proceeds not returned to lender within prescribed time frame 3. Loan amount not adjusted if eligibility changes 	<ol style="list-style-type: none"> 5. How will withholding loan certification affect the student in paying his or her bill at the beginning of the term? 6. Is there any reason to withhold certification for some students or some loan types, but not others? 7. What, if any, grounds for exceptions should there be? <p>Potential Liability or Audit Exception:</p> <p>None unless loan is certified despite policy to withhold certification and subsequent improper release of loan proceeds</p>
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Exploring Options Through Flowcharting

Flowcharts help you visualize options and recognize follow-up questions. Decision points (represented by diamonds) lead either to a policy (and corresponding policies and procedures) or to the next consideration in establishing a policy (represented by circles and squares). The following example addresses how many applications are to be verified, additional items to be verified, and how the school will resolve conflicting information on the applications not selected for verification.



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If-Then Decision Table

Policies that branch into different actions depending on one or more conditions can be illustrated by a chart that shows the actions to be taken under each set of conditions. Such graphic representations clearly show aid office staff when to implement procedures triggered by a policy with "if-then" conditions. The example shown below first states the policy, then charts it. (The particular policy shown here as a sample may in fact differ at your institution).

Policy Statement

The financial aid office will verify:

- ◆ Applications that have been selected by the Central Processing System (CPS) until 30% of the applicant pool has been verified; and
- ◆ Applications for which there is conflicting information.

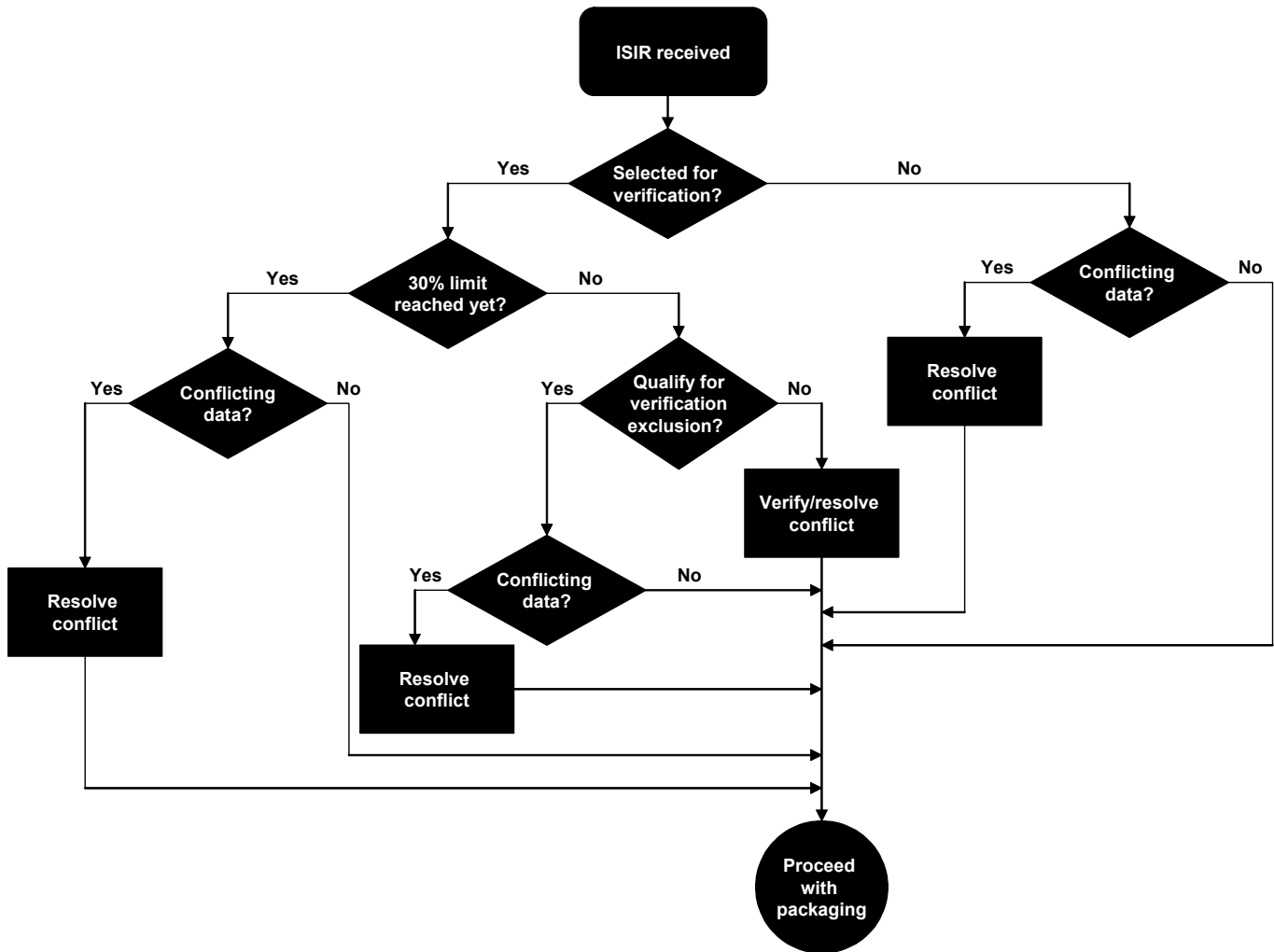
Charted as a Decision Table

If . . .	and If . . .	But . . .	Then . . .
an application is selected by the CPS . . .	less than 30% of applicant pool has already been verified	verify the application
an application is selected by the CPS ...	30% of applicant pool has already been verified ...	there is conflicting information on file ...	verify the application
an application is not selected by the CPS	there is conflicting information on file ...	verify the application
an application is selected by the CPS ...	30% of applicant pool has already been verified ...	there is no conflicting information on file ...	verification is not required

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Flowcharting Procedures for a Policy with Conditions

Flowcharts trace the different paths that procedures must follow to implement a policy with branches dependent on given conditions. The flowchart pinpoints the need for clearly defined procedures at certain junctures. The following example illustrates the procedural flow for a policy that exercises the 30% limitation on verification. It also demonstrates the need to resolve conflicting data regardless of verification limits and the fact that the existence of conflicting data overrides exclusions, as found in section 668.54(b) of the Title IV General Provisions regulations.



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Writing Policies & Procedures with Conditions

Sometimes actions to be taken depend on whether certain conditions are met. While you can write these types of policies and procedures as separate policy statements, you might prefer to list the conditions as part of a single all encompassing policy statement, using such qualifiers as “or,” “and,” “if,” “but,” and “exception.” The example shown below illustrates how this might work. The policies and procedures shown may vary at your institution.

Policy 7.5

The financial aid office will verify the number of family members enrolled in postsecondary institutions if:

1. There is conflicting data regarding the number in postsecondary institutions on file; **or**
2. The aid administrator has reason to believe the information reported is incorrect; **or**
3. The school receives a revised SAR or ISIR showing a change in the number in postsecondary institutions that the aid office did not direct the student to make; **or**
4. The application was selected for verification, **and** the number reported most recently by the student is greater than one.

Exception: The number in postsecondary institutions need not be verified under item 4 if:

- ◆ The family members listed on the ISIR as enrolled at least half-time are enrolled at this institution and you can confirm that through the admissions or registrar's office electronic records (see procedures 17.7.1 and 17.7.14); **or**
- ◆ The SAR or ISIR was submitted within 90 days of the date the application was signed.

Procedures:

1. Aid administrator requests from the student a list of the members of the household and which members are in postsecondary institutions. The list can be provided on the verification form or a written statement signed by the student (and one parent, if dependent).
2. Aid administrator compares verification document with student's ISIR.
 - a. If the verification document and ISIR match, the aid administrator notes successful verification of this item on the system, following procedures outlined under policy 7.10.
 - b. If there is a discrepancy between the verification document and the ISIR, the aid administrator notifies the student of the need to correct the FAFSA information, following procedures outlined under policies 7.7 and 7.7.1.
3. If the aid administrator has reason to believe the verification document is inaccurate, the aid administrator requests that the student obtain written confirmation of enrollment or acceptance for enrollment from the institution(s) indicated on the verification document and submit it to the aid office.

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Procedures Written in Playscript

When a policy entails procedures that must be carried out by a number of individuals, the playscript format shows at a glance who does what and when. The example below states a policy, then lists in chronological order the steps which must be taken. The individual responsible for each step is indicated in the left column. (The policy below is merely a sample; the corresponding policy and procedures at your institution may vary.)

Policy

In addition to resolving conflicting information, the financial aid office will verify selected applications (except for applicants meeting an allowable exclusion) up to a total of 30% of the applicant pool. Resolution of conflicting data does not count toward the 30% limit. Once the 30% limit has been reached, the institution will verify only application data for which there is conflicting information or reason to suspect inaccuracy. [Citations: 668.54; 668.16(f)]

Procedure 2.1.1

Verification Coordinator	<ol style="list-style-type: none"> 1. Determines whether 30% limit has been reached per procedure 2.1 2. Informs application clerk when the 30% limit has been reached
Application Clerk	<ol style="list-style-type: none"> 3. Every Monday, runs report #27-VERIFY, which lists files selected for verification and files ready to go through the awarding process <ol style="list-style-type: none"> a. If 30% limit has not been reached: <ol style="list-style-type: none"> i. Routes section of report indicating selected applications to verification coordinator ii. Routes nonselected applications to awarding coordinator b. If 30% limit has been reached: <ol style="list-style-type: none"> i. Routes whole report to awarding coordinator
Verification Coordinator	<ol style="list-style-type: none"> 4. Reviews selected applications on report and determines if an exclusion applies <ol style="list-style-type: none"> a. If no exclusion applies, sends out verification letter #4a per procedure 2.1.2 b. If exclusion applies, examines file for conflicting information <ol style="list-style-type: none"> i. If no conflicting information exists, assigns application to awarding coordinator ii. If conflicting information or reason to suspect inaccuracy, sends out verification letter #4a per procedure 2.1.2
Application Clerk	<ol style="list-style-type: none"> 5. Keys verification documents into system as they are received per procedure 2.2.3 6. Every Wednesday, runs report #28-VERIFY, which indicates selected files for which all verification documents have been received
Counselor	<ol style="list-style-type: none"> 7. Completes the verification process in accordance with procedure 2.4 8. If verification reveals unusual circumstances, acts in accordance with professional judgment procedure in 7.3 9. Indicates on verification status screen that file is ready for awarding per procedure 1.9.3.2

Awarding Coordinator	<ol style="list-style-type: none">10. Examines nonverified files for conflicting information or unusual circumstances<ol style="list-style-type: none">a. If conflicting information, sends out verification letter #41 per procedure 2.1.2b. If unusual circumstances, indicates this on verification status screen (see procedure 1.9.3.7) so file will show up on a report for the counselor to review11. If no conflicting information or unusual circumstances, proceeds with awarding process per institutional policies and procedures for awarding financial aid in 3.0
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Listing Policies & Procedures as Steps

The following examples show a simple listing of procedures represented as steps to be taken under each policy. Policies that relate to one another or that follow the consequences of one another should be grouped as closely together as possible in the manual to give users a more complete picture of the overall flow of office procedures. (The policies and procedures listed below are samples only; actual policies at your institution may vary.)

Policy 7.4.2

Financial aid applicants who are selected for verification, or for whom there is conflicting information or suspected inaccuracies, will be required to submit documentation of data elements specified by the Financial Aid Office within 30 days of the Financial Aid Office's request. [668.53(a)(1)]

Procedures

- ◆ Every Thursday, the computer system will generate letters for students with a VERF code on the student status screen. The letter is sent by the word processing staff to the student (and parent, if student is dependent). The letter explains the verification process and the consequences of not responding to documentation requests.
 - Form letters correspond to student type, such as independent student (letter #V03), dependent student (#V01), and dependent student's parent (#V02).
 - The letters indicate specific items to be verified for each applicant and the required documentation.
 - The letters indicate the date (30 days hence) by which response is required.

Policy 7.4.2.1

Financial aid applicants who do not submit required documentation by the deadline will be suspended from active consideration for and further processing of all financial aid. [668.53(a)(2)]

Procedures

- ◆ Every Friday, program #VERF.4 is run. The program selects students who have not submitted verification documentation within 30 days of the date that our verification letter was sent.
 - The program will add a "no verification" cancellation code to the student status screen.
 - The program will cancel all of the student's federal aid that may have been awarded.
 - A cancellation letter will be sent to the student (and parent, if student is dependent) indicating that the application for aid has been inactivated, all aid is cancelled, and specifying how to regain consideration. The cancellation letters are #V07 (student) and #V08 (parent).
- ◆ If documents are subsequently submitted, the application will be reactivated and verified, and Pell Grant and Stafford eligibility will be determined (see awarding procedures). The applicant will be considered for campus-based aid if funds are still available.

Policy 7.10.1

The Director of Financial Aid will refer to the Department of Education (ED) cases where an applicant has received funds based on information that may be incorrect and the aid office has made a reasonable effort to resolve the discrepancy, but cannot do so. [668.59(e)]

Procedures

- ◆ All staff members refer cases where resolution cannot be achieved to the Director of Financial Aid. Examples of cases warranting referral to the Director include, but are not limited to, the following circumstances:
 - Submitted documents conflict with current year data and prior year information on file.
 - No disbursements of aid will be made until the question is resolved.
 - There is no documentation to indicate application information is inaccurate, but validity of documentation is doubtful.
 - One disbursement of aid for applicant's first payment period may be made at the discretion of the Director, unless prohibited from doing so by ED.
- ◆ If the Director deems it appropriate, he or she will refer the case to ED's Regional Office.
- ◆ The institution will follow any instructions from ED as a result of the referral.

Policy 7.10.2

The Director of Financial Aid will refer to ED's Regional Office of the Inspector General (OIG) any case where there is reason to suspect that information or documents connected with a student's application for aid is fraudulent. [668.16(g)]

Procedures

- ◆ All staff members must immediately refer suspected fraud to the Director of Financial Aid. Examples of possible fraud are:
 - Use of false identities
 - Forgery of signatures or certifications
 - False claims of income
 - False claims of citizenship
 - False claims of independent student status
- ◆ If the Director believes there is a valid suspicion of fraud, he or she refers the case to ED's Regional Office of the Inspector General.
- ◆ In cases where the aid office has no firm documentation of fraud and the application has been otherwise verified, and all eligibility criteria has seemingly been met by the documentation presented, the institution will continue to disburse aid until a ruling of fraud has been received from ED.