

# **CAMPBELL UNIVERSITY**

## **FINANCIAL AID DISBURSEMENT AND EXCESS FINANCIAL AID POLICY**

*(This policy was developed at the direction of the Vice-President for Business and Treasurer of the University and created to support current operating needs and processes. In accordance with the Cash Management Policy approved by the University's Board of Trustees on March 10, 2010, this policy is approved without submission to the University's Board of Trustees.)*

### **I. PURPOSE**

- (1) To establish sound cash management practices while ensuring compliance with federal, state and university regulations related to financial aid disbursements and release of excess financial aid.
- (2) To provide management, employees, vendors and organizations guidelines of good business practices and controls to assist them in fulfilling their fiduciary duty to the University.
- (3) To establish effective safeguards over the use of federal and state funds while entrusted to the University.

### **II. SCOPE**

This policy applies to all Campbell University faculty, staff, students, organizations, and individuals that are disbursed financial aid awards and/or process financial aid disbursements or transactions related to student excess financial aid awards. The scope includes activities at all campuses and locations at which University business is conducted and where the Campbell University Camel Card is accepted.

### **III. GENERAL GUIDELINES**

Campbell University is committed to the development, implementation, dissemination, and annual review of a sound Financial Aid Disbursement and Excess Financial Aid Policy which supports compliance with federal, state and university regulations regarding the disbursement of financial aid to student accounts. This policy provides guidelines specific to the following excess financial aid objectives.

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

## **IV. POLICY STATEMENTS**

Campbell University is committed to properly account for, report, and manage federal, state and university funds in a manner supporting strong internal controls and adhering to regulatory requirements. By doing so, the potential for mishandling of funds can be minimized. Also, by following proper procedures, audit trails exist to allow for review of related transactions.

The University's Business Office has the primary responsibility for overseeing the disbursement of financial aid awards to student accounts and excess financial aid balances resulting from such disbursements. This policy stipulates requirements of Business Office employees. Extenuating circumstances requiring deviation from this policy must be in writing and approved by the Vice President for Business and Treasurer or the Director for Financial Management or designee.

Internal control procedures must be in place to promote the accuracy of University records, to discourage fraudulent manipulation of accounting records, and to discourage fraudulent use of federal, state and university funds. Such controls should ensure the following objectives are met:

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

### **Financial Aid Award, Disbursement and Funding**

Internal controls require the segregation of the financial aid awarding function and the disbursement of financial aid to student accounts. The disbursement of financial aid to student accounts is the responsibility of the Business Office. The Business Office disburses financial aid to student accounts at the direction of the Financial Aid Office and submits a request to drawdown federal funds to the Accounting Office. Requests to drawdown are supported by the financial aid posting summary. Request for funding of state awards is the responsibility of the Financial Aid Office. Institutional funding is the responsibility of respective university departments with guidance from the University Comptroller or designee. Financial aid awards are processed electronically from the financial aid module to student accounts and to the general ledger. Segregation of duties and the use of electronic processing minimize the potential for mishandling funds and provide an audit trail for related transactions.

### **Return of Federal and State Funds**

Federal and state funds must be returned in accordance to federal and state regulations as determined by student award eligibility. The Financial Aid Office is responsible to determine eligibility and calculate funds to be returned to the funding source. The Financial Aid Office adjusts student

awards for refunds and the Business Office processes the disbursements electronically. Refunds for federal funds are reporting through the Common Origination and Disbursements process by Financial Aid. State refunds are processed by Financial Aid through the Accounting office and include a student roster.

### **Reconciliation of Federal and State Funds**

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

### **Advance of Excess Financial Aid**

Federal and state regulations specify allowable uses for educational expenses to include tuition, room and board, fees, books, supplies, equipment, dependent child care expenses, transportation, and rental or purchase of a personal computer. The Financial Aid Office educates students regarding proper use of federal and state funds in the collateral and documentation provided throughout the financial aid process. The Business Office is responsible for overseeing the use of excess financial aid advanced to students for educational expenses. Students are allowed to request an advance of excess financial aid for educational expenses. Advances are processed to the students Camel Card Creek Buck account and available for use at the Campbell University Barnes and Noble Bookstore, Aramark dining facilities, CVS Pharmacy and local eating establishments. The use of the Camel Card Creek Bucks account prohibits the purchases of gift cards, alcohol, tobacco products and pornographic materials. The Business Office reserves the right to deny requests for the advance of excess financial aid, if requests are deemed excessive. Control procedures discourage fraudulent use of federal and state funds while providing flexibility for students prior to excess financial aid refunds.

### **Refund of Excess Financial Aid**

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

## **Notification to Borrower**

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

## **V. DEFINITIONS**

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

**State Funds:** The term “state funds” as used in this policy represents funds entrusted to the University by the State of North Carolina for the sole purpose of disbursing state aid to awarded students for educational expenses.

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

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

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

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

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

## **VI. RESPONSIBILITIES**

**Financial Aid Office:** The Financial Aid Office has the primary responsibility to award financial aid funds to eligible students in accordance with federal, state and university regulations. The Financial Aid Office is also responsible for providing guidance and assistance regarding the eligible uses for awarded aid. The Financial Aid Office is responsible for communicating with federal and state agencies regarding financial aid awards and funding.

**Business Office:** The Business Office has the primary responsibility to disburse financial aid awards to student accounts as directed by the Financial Aid Office. The Business Office is also responsible for issuing advances and refunds of excess financial aid and remitting a request to drawdown federal funds to the Accounting Office. The Business Office is responsible for monitoring university bank accounts for receipt of state funds and receipting to respective University accounts.

**Accounting Office:** The Accounting Office has the primary responsibility to drawdown federal funds from the G5 system and transfer federal funds from the control bank account to university operating accounts in accordance with federal regulations. The Accounting Office is also responsible for ensuring availability of funds for refunds of excess financial aid.

**Vice President for Business and Treasurer and Director for Financial Management:** The Vice President for Business and Treasurer and Director for Financial Management are responsible for administering this policy, overseeing the Business Office operations and procedures.

## **VII. COMPLIANCE**

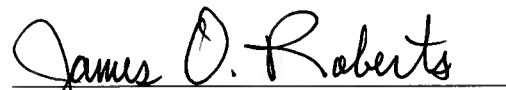
Campbell University is committed to adhering to federal and state regulations regarding financial aid awards to students, the disbursement of financial aid awards to student accounts and the managing of federal and state funds entrusted to the University on behalf of awarded students. The Vice President for Business and Treasurer and/or the Director for Financial Management may amend this policy as deemed necessary to ensure full compliance with federal and state regulations.

## **VIII. EFFECTIVE DATE AND APPROVAL**

The Financial Aid Disbursement and Excess Financial Aid Policy was developed at the direction of the Vice President for Business and Treasurer of the University and was created to support current operating needs and processes.

In accordance with the Cash Management Policy approved by the University's Board of Trustees on March 10, 2010, this policy is approved without submission to the University's Board of Trustees.

Executed this 17<sup>th</sup> of September, 2012



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James O. Roberts

Vice President for Business and Treasurer

