


CASH MANAGEMENT
HOW HARD CAN IT BE?

AGENDA

- INTRODUCTION TO CASH MANAGEMENT
- REQUESTING AND MANAGING TITLE IV FUNDS
- DISBURSING TITLE IV FUNDS
- NOTIFICATIONS AND AUTHORIZATIONS
- WORKING WITH OTHER OFFICES ON CAMPUS
- RECONCILIATION

WHAT IS CASH MANAGEMENT?

- CASH MANAGEMENT IS THE RULES AND PROCEDURES AN INSTITUTION THAT PARTICIPATES IN TITLE IV AID PROGRAMS MUST FOLLOW TO REQUEST, MAINTAIN, AUTHORIZE, DISBURSE, DELIVER, AND RETURN TITLE IV FUNDS



ADMINISTRATIVE CAPABILITY

- AN INSTITUTION MUST SHOW THAT IT PROPERLY MANAGES THE FEDERAL STUDENT AID PROGRAMS
- CASH MANAGEMENT IS AN INSTITUTIONAL REQUIREMENT, NOT ONLY A FINANCIAL AID OFFICE REQUIREMENT
- INSTITUTIONS MUST ALSO SHOW A CLEAR SEPARATION OF DUTIES

SEPARATION OF DUTIES



- NO ONE OFFICE CAN BOTH AUTHORIZE AND DISBURSE AID
- EMPLOYEES SHOULD BE ORGANIZATIONALLY INDEPENDENT AND NOT MEMBERS OF THE SAME FAMILY
- RELATED EMPLOYEES CANNOT EXERCISE SUBSTANTIAL CONTROL OVER THE INSTITUTION TOGETHER

TERMS THAT MUST BE DEFINED


- ACADEMIC YEAR
 - UNDERGRADUATE – MINIMUM OF 24 SEMESTER/TRIMESTER HOURS, 36 QUARTER HOURS OR 900 CLOCK HOURS
 - GRADUATE PROGRAMS – NO STATUTORY OR REGULATORY MINIMUM
- PAYMENT PERIOD – DETERMINED BY THE STUDENT'S ACADEMIC PROGRAM
- ACADEMIC TERM – STANDARD OR NONSTANDARD TERMS

REQUESTING AND MAINTAINING FUNDS

- NORMALLY FUNDS ARE REQUESTED OR "DRAWN DOWN" BY THE INSTITUTION'S BUSINESS OR ACCOUNTING OFFICE
- FUNDS ARE DRAWN DOWN THROUGH THE G5 PAYMENT SYSTEM
- INSTITUTIONS ARE REQUIRED TO RECONCILE ALL FUNDS DRAWN DOWN THROUGH G5
- THERE ARE THREE METHODS TO REQUEST FUNDS

FUNDING METHODS

- ADVANCE PAYMENT METHOD
- REIMBURSEMENT PAYMENT METHOD
- HEIGHTENED CASH MONITORING METHOD



MAINTAINING TITLE IV FUNDS


- FUNDS MUST BE MAINTAINED IN AN ACCOUNT THAT MEETS CERTAIN REQUIREMENTS
- FUND ACCOUNTS MUST BE IDENTIFIED BY THE WORD "FEDERAL"
- TITLE IV FUNDS MAY BE USED ONLY TO PAY STUDENTS, TO PAY ACA (ADMINISTRATIVE COST ALLOWANCE) OR FOR THE FWS JOB LOCATOR PROGRAM

MAINTAINING TITLE IV FUNDS

- EXCESS CASH
 - ANY FUNDS THE SCHOOL DOES NOT DISBURSE WITHIN 3 BUSINESS DAYS OF DRAWING DOWN THE FUNDS
- RETURNING UNDELIVERED TITLE IV FUNDS
 - IF FUNDS ARE NOT DISBURSED TO THE STUDENT (BY CHECK OR EFT) THEY MUST BE RETURNED TO THE APPROPRIATE TITLE IV FUND
- ESCHEATING FUNDS
 - TITLE IV FUNDS CANNOT BE ESCHEATED TO THE SCHOOL, THE STATE OR ANY OTHER THIRD PARTY

DISBURSING TITLE IV FUNDS

- DISBURSEMENT REFERS TO MAKING A PAYMENT TO THE STUDENT'S ACCOUNT OR DIRECTLY TO THE STUDENT OR PARENT PLUS BORROWER



TYPES OF DISBURSEMENT


- EARLY DISBURSEMENT
 - FUNDS MAY BE DISBURSED UP TO 10 DAYS PRIOR TO THE FIRST DAY OF CLASS OF THE PAYMENT PERIOD
- LATE DISBURSEMENT – APPLIES IF THE STUDENT HAS COMPLETED THE PAYMENT PERIOD BEFORE ALL TITLE IV FUNDS WERE DISBURSED
 - STUDENT (OR PARENT) MUST MEET THE REGULATORY REQUIREMENTS FOR A LATE DISBURSEMENT
 - LAWS OR REGULATIONS DO NOT OTHERWISE PROHIBIT DISBURSEMENT

DISBURSEMENT METHODS

- CREDITING A STUDENT'S SCHOOL ACCOUNT
- DIRECT PAYMENT METHOD
 - DISPERSING CASH
 - ISSUING A CHECK
- ELECTRONIC FUNDS TRANSFER
 - DIRECT DEPOSIT TO A STUDENT'S CHECKING ACCOUNT
 - DIRECT DEPOSIT TO A STORED VALUE CARD (REFERRED TO AS TIER ONE AND TIER TWO)

DISBURSEMENT FOR INSTITUTIONAL CHARGES

- ALLOWABLE CHARGES – EDUCATIONALLY-RELATED INSTITUTIONAL CHARGES
- NON-ALLOWABLE CHARGES – ITEMS SUCH AS:
 - VACATIONS
 - AUTOMOBILES
 - ENTERTAINMENT EQUIPMENT



GENERAL STUDENT ELIGIBILITY REQUIREMENTS

- ENROLLED OR ACCEPTED FOR ENROLLMENT
- HIGH SCHOOL DIPLOMA OR ITS EQUIVALENT
- NO SIMULTANEOUS ENROLLMENT IN ELEMENTARY OR SECONDARY SCHOOL
- U.S. CITIZEN, U.S. NATIONAL OR ELIGIBLE NONCITIZEN
- CORRECT SOCIAL SECURITY NUMBER
- REGISTERED FOR SELECTIVE SERVICE (IF REQUIRED)
- SIGNED A STATEMENT OF EDUCATIONAL PURPOSE
- FINANCIAL NEED (IF APPLICABLE)

GENERAL REQUIREMENTS (CONT.)

- NOT IN DEFAULT ON A STUDENT LOAN OR OWING A REPAYMENT OF TITLE IV AID
- NO BORROWING IN EXCESS OF AGGREGATE LOAN LIMITS
- NO PROPERTY SUBJECT TO A JUDGMENT OR LIEN FOR A DEBT OWED TO THE U.S.
- NO REPAYMENT OWED OF FRAUDULENTLY OBTAINED TITLE IV AID
- NO QUALIFYING DRUG CONVICTION
- MAINTAINING SATISFACTORY ACADEMIC PROGRESS

PROGRAM SPECIFIC DISBURSEMENT REQUIREMENTS


- PELL GRANT
 - A STUDENT MAY DECLINE ALL OR A PART OF A PELL GRANT TO PRESERVE ELIGIBILITY BASED ON THE 600% LEU
- FSEOG
 - FUNDS MAY BE DISBURSED IN UNEQUAL AMOUNTS, BUT THE REASONS MUST BE DOCUMENTED
- FEDERAL PERKINS LOAN
 - SAME AS FSEOG
- FWS
 - FUNDS ARE DISBURSED AS THE STUDENT WORKS AND EARNS

PROGRAM SPECIFIC (CONT.)

- DIRECT LOANS
 - REQUIRES ENTRANCE COUNSELING; MANDATORY COUNSELING OF PLUS BORROWERS WITH ADVERSE CREDIT HISTORY
 - MUST SIGN A MASTER PROMISSORY NOTE
 - VERIFY STUDENT'S CONTINUING ELIGIBILITY
 - MULTIPLE DISBURSEMENT
 - 30 DAY DELAYED DISBURSEMENT

NOTIFICATIONS AND AUTHORIZATIONS


- NOTIFICATIONS MUST INCLUDE:
 - THE AMOUNT OF TITLE IV AID EXPECTED TO BE DISBURSED
 - THE EXPECTED DISBURSEMENT DATE
 - THE METHOD BY WHICH FUNDS WILL BE DISBURSED



NOTIFICATION OF LOAN FUNDS


- MUST BE SENT TO THE STUDENT BORROWER OR PARENT PLUS BORROWER
 - ANTICIPATED DISBURSEMENT DATE AND AMOUNT
 - BORROWER'S RIGHT TO CANCEL ALL OR PART OF THE LOAN
 - PROCEDURES AND DEADLINES THAT A BORROWER MUST MEET TO INFORM THE SCHOOL OF CANCELLATION

CREDITING TEACH GRANT FUNDS



- ANTICIPATED DATE AND AMOUNT OF DISBURSEMENT
- STUDENT'S RIGHT TO CANCEL ALL OR PART OF THE GRANT
- PROCEDURES AND DEADLINES TO NOTIFY SCHOOL OF CANCELLATION

NOTIFICATION FORMATS




- NO REQUIRED FORMAT
- MUST BE SENT DIRECTLY TO THE STUDENT OR PARENT PLUS BORROWER.
- MAY BE SENT BY
 - EMAIL
 - PHYSICAL LETTER

AUTHORIZATIONS

- AUTHORIZATIONS ARE NOT REQUIRED – BUT IT IS A BEST PRACTICE
- AUTHORIZATIONS ARE USUALLY WRITTEN
- AUTHORIZATIONS CAN BE VERBAL

THREE AUTHORIZATIONS

- USE OF TITLE IV FUNDS TO PAY CERTAIN INSTITUTIONAL CHARGES
- HOLDING TITLE IV FUNDS FOR A SUBSEQUENT TERM
- USE OF TITLE IV FUNDS TO PAY PRIOR YEAR CHARGES



WHAT SHOULD THE AUTHORIZATIONS SAY?

- GIVE STUDENTS (OR PARENTS, IN THE CASE OF A PLUS LOAN) THE OPTION OF NOT GRANTING THE AUTHORIZATION
- MUST BE IN SIMPLE, UNDERSTANDABLE LANGUAGE
- MUST OFFER A PROCEDURE TO CHANGE THE ORIGINAL ANSWER, IF NEEDED

EXAMPLE OF AUTHORIZATIONS

7. IF FUNDS REMAIN AFTER YOUR TUITION AND FEE CHARGES ARE PAID, DO YOU WANT SALT LAKE COMMUNITY COLLEGE TO SEND YOU THE REMAINING FUNDS? YES NO


8. IF FUNDS REMAIN AFTER YOUR CURRENT CHARGES ARE PAID, DO YOU WANT SALT LAKE COMMUNITY COLLEGE TO PAY YOUR EDUCATIONAL CHARGES FROM PRIOR TERMS AND/OR PRIOR YEARS OF \$200.00 OR LESS? YES NO

9. IF FUNDS REMAIN AFTER YOUR CURRENT CHARGES ARE PAID, DO YOU WANT SALT LAKE COMMUNITY COLLEGE TO PAY YOUR NON-INSTITUTIONAL CHARGES SUCH AS FINES, LATE FEES, PARKING TICKETS, TRANSCRIPTS, ETC.? YES NO

WORKING WITH OTHER OFFICES

- OFFICES YOU MAY WORK WITH:
 - BURSAR OR CASHIERS
 - BUSINESS OR ACCOUNTING OFFICE
 - HUMAN RESOURCES
 - PAYROLL
 - STUDENT ID OFFICE (IF FUNDS ARE DISBURSED THROUGH A STORED VALUE CARD/TIER 1 OR TIER 2)

RECONCILIATION




- SHOULD BE DONE ON A MONTHLY BASIS
- MUST BE DONE FOR PELL AND DIRECT LOANS
- SHOULD BE DONE FOR FSEOG, FEDERAL PERKINS AND FWS
- MUST BE DONE WITH THE BUSINESS OFFICE OR WHOMEVER DRAWS DOWN FUNDS FROM G5

RESOURCES

- NASFAA SELF-STUDY GUIDE: CASH MANAGEMENT
- DEPARTMENT OF EDUCATION
 - WWW.IFAP.ED.GOV
 - FSA ASSESSMENTS – FISCAL MANAGEMENT
 - FSA HANDBOOK VOLUME 4 – PROCESSING AND MANAGING FSA FUNDS

QUESTIONS (AND POSSIBLY ANSWERS)



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