ADMINISTRATIVE PRACTICE LETTER

SUBJECT: FEDERAL FINANCIAL AID PROGRAMS

GENERAL

The purpose of this administrative practice letter is to provide accounting procedures applicable to the Federal financial aid funds received by the University. The specific programs these procedures apply to are:

1. Pell Grants
2. Supplemental Educational Opportunity Grants (SEOG)
3. Perkins Student Loans (formally National Direct Student Loans)
4. Nursing Student Loans
5. College Work-Study Funds (CWS)
6. Academic Competitiveness Grant (ACG)
7. SMART Grants

These procedures will help accomplish the following:

1. Help insure compliance with Federal guidelines.
2. Facilitate the preparation of Federal reports.
3. Provide consistency in the use of project and account codes throughout the University System.
4. Allow for automatic calculation and accounting for administrative expenses and matching funds.
5. Enable account managers to maintain better control over revenue and expenditures.
6. Expedite the receipt of cash from Federal Agencies.

In addition to these procedures the campuses are responsible for maintaining their own Student Aid Policy and Procedures Manuals which should encompass such topics as goals of student aid, types of aid, student budget construction, packaging of aid, maintenance of the aid file, etc.

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SETTING UP ACCOUNTS

New projects will be set up annually for Pell, SEOG, ACG, SMART, and CWS awards. The SWS Accounting Office will advise the campuses annually (normally in March) of the new project numbers for the up-coming fiscal year. The campuses will complete a Project Create Form for the programs concerned and submit them to SWS Accounting Office for processing. The budgeting process will be done at the campus level.

ADMINISTRATIVE EXPENSE

Institutions participating in SEOG, CWS, and Perkins Student Loans are entitled to an administrative cost allowance. The administrative expense will be calculated and charged to the respective program account automatically each month through the allocation process based on the total expenditures for the month by program. Recalculations are done in January and June to adjust for campuses that have reached certain thresholds. Requests for reallocation of administrative expense between these programs will be submitted to SWS Accounting Office for processing.

Pell Grant program also allows for an administrative cost which is calculated by the Federal Government. Receipt of reimbursement checks for administrative expenses should be deposited into the campuses Indirect Cost Recovery account.

TRANSFERS, CARRY FORWARD AND CARRY BACK OF FUNDS

The Department of Education permits the transfer of up to 10% of the CWS program allocation to the SEOG program or in the reverse, 10% of the SEOG program allocation can be transferred to the CWS program. It is also permissible to Carry Forward or in the reverse Carry Back up to 10% of the CWS allocation. The purpose of these provisions is to assist institutions in budgeting their CWS expenditures and to protect them from incurring a deficit at the close of the award year.

APPROVED:

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Chief Financial Officer and Treasurer