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Direct Loan Quality Assurance Policy and Procedures - Summary

As advised and following published guidance by the US Department of Education, the Courtauld Institute of Art has implemented a quality assurance system for U.S. Direct Loans as described in this document.

Procedures and policies relating to Title IV funding are designed with the following US Government quality assurance principles in mind.

Direct Loan Quality Assurance Requirement Overview

The Direct Loan Program regulations at 34 CFR 685.300(b) (9) require schools to implement and document a quality assurance process to ensure that they are complying with program requirement and meeting course objectives. A university/HE institute should have a quality assurance process in place that documents that the school:

- Reports loan records, disbursements and adjustments to disbursements correctly to the Common Origination and Disbursement (COD) System.
- Disburses and returns loan funds in accordance with regulatory requirements.
- Disburses the correct loan amount to the correct student.
- Completes monthly reconciliation and Program Year Closeout.

To be effective, the steps for implementing a Direct Loan quality assurance process will be unique to each university and need to consider the characteristics of their academic policies and programmes and its borrower population. Universities are encouraged to use self-assessments to examine their procedures and act on an ongoing basis to strengthen areas of risk.

Options for Meeting the Direct Loan Quality Assurance Requirement

The Department of Education (ED) does not mandate the method by which universities meet the quality assurance requirement. Universities may have institutional designed assessments and quality assurance processing place to ensure that the Direct Loan quality assurance requirement is met.

Reporting Loan Records, Disbursements and Adjustments to Disbursements Correctly in The COD System – the Process

Courtauld utilises student records systems and student borrowing requests to record and originate all Federal Direct Loans. A disbursement schedule is produced prior to each disbursement and is shared across both the Fees Department and Finance Teams. The enrolment and satisfactory academic progress of students on the list is verified by colleagues in SAS. Once the Fees Manager or Admissions and Enrolment Manager has released funds in COD, the Finance Team draws down the funds from the US Department of Education's G5 system, notifies the students of their disbursement amounts and the Fees Manager posts the credits to the student accounts within 3 days to meet Federal requirements. Any remaining funds, once outstanding tuition balances have been settled, are passed to the student and/or their parent within 3 days, on the basis that the student has provided their bank details.

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Measurable Assessment

- Ensuring all loan records are maintained within the Courtauld's systems until the end of year audit and subsequent US Federal Financial Aid Audit.
- Monitoring student enrolment, engagement, Satisfactory Academic Progress (SAP), eligibility alerts and responding appropriately to any student status changes.
- Responding in a timely manner to COD School Monitoring Reports and COD 30-day warning reports.
- Comparing the COD pending disbursement reports and Actual Disbursement Reports with student records for reconciliation and to ensure the student has received funding as per requested amounts.

Disbursing and returning loan funding accordance with regulatory requirements – the Process

Before any loan is initiated, the Courtauld Fees/Admissions department require the following:

- An Institutional Student Information Report (ISIR) obtained via EdConnect;
- Formal confirmation of the loan request from the student and/or student's parent;
- A signed Master Promissory note (MPN) covering each loan and Completed Entrance Counseling.
- A credit check approval if a PLUS loan has been taken out by the student (this is subject to change as the PLUS loan is no longer available from 26/27)
- Completed Cost of Attendance

Any relevant comment codes on the ISIR must be resolved. The Fees/Admissions team verifies the aggregate loan limit in National Student Loan Database Systems (NSLDS) for each student. If any of these items are not received or if any items are flagged by either Courtauld checks or by COD, loans are not initiated neither any funds are disbursed to the student.

Prior to each loan disbursement the Fees department confirms with Courtauld's Registry that Satisfactory Academic Progress (SAP) is being met by each student. Once confirmed, the Fees/Admissions team releases the disbursements via COD, and the Finance Team initiates the drawdown of funds in G5. Funds are received via a third party (Convera), and instructions are provided to them by the Finance Team detailing the value of credits to Courtauld in respect of fees, and details relating to stipends of any excess payments to students and/or parents. Courtauld processes all funds fully within three working days, therefore meeting the Federal requirements.

Regular checks from Courtauld's student systems identify any changes in students' enrolment status, thus indicating any potential change in student eligibility to continue to receive FSA funds. The student may also report any such changes to the Institute. Where a student withdraws or interrupts, the Finance Team undertakes a Return of Title IV Funds (R2T4) calculation to determine if funds need to be returned to G5 and notifies the student accordingly. Where necessary funds are returned within the required timeframe and loans are adjusted as required on COD and is carried out by the Fees/Admissions department.

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Measurable Assessment

- Ensuring all loan records maintain an Enrolled status within Courtauld's student system until the end of the year closeout and audit.
- Monitoring the enrolment, SAP, and eligibility alerts within Courtauld's records and responding appropriately.
- Responding in a timely manner to COD School Monitoring Reports and 30-Day Warning Reports.
- Comparing the COD Pending Disbursement Reports and Actual Disbursement Reports with Courtauld's internal student records.

Disbursements of the correct loan amount to the correct student – the Process

The Fees department schedules disbursement dates for approved funds to draw down funds. To meet US Department of Education guidelines these must be set in accordance with the defined periods of teaching within a programme and may vary from programme to programme. Disbursements are carried out 3 times a year, after each semester start and period of teaching. Direct Loan funds are drawn down based upon the disbursement schedule and received via a third party (Convera). Instructions are provided to Courtauld's Finance team from Convera, who provide the exchange rate and details of receipt in Pounds Sterling to Courtauld. Funds received by Courtauld in respect of fees are immediately applied to student accounts once funds are received from Convera.

Measurable Assessment

- Ensuring all loan records maintain Enrolled status within Courtauld systems until the end of the year closeout.
- Monitoring the enrolment, SAP, and eligibility alerts and responding appropriately.
- Responding in a timely manner to COD School Monitoring Reports, COD 30-Day Warning Reports.
- Comparing the COD Pending Disbursement Reports and Actual Disbursement Reports.

Completing Monthly Reconciliation and Program Year Closeout – the process

Annually, Courtauld's Finance team monitors and reconciles the disbursement of funds in COD, to the funds requested via G5, and the amounts received via Convera and how they are applied to students' records or the refund/stipend of excess payments to students.

Measurable Assessment

- Maintaining timely and accurate monthly reconciliation records.
- Maintaining timely and accurate year-end closeout documentation.