

# **Ozarka College**

## **Title IV Funds Returning and Title IV Funds Fraud Policies and Procedures**

### **Return of Title IV Funds & Enrollment Reporting**

The following governs the return of Title IV funds (R2T4) disbursed for students at Ozarka College and enrollment status reporting according to the Department of Education (34 CFR 682.610). This policy applies to students receiving any Title IV funds, which includes, but is not limited to, the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Direct Loans (Subsidized and Unsubsidized) who officially withdraw, stop attending, drop out, expelled, take a qualified leave of absence or fail to return from an approved leave of absence.

### **Withdrawals**

Withdrawal removes a student from all courses and must be completed by the end of the thirteenth week of the semester (or before the day preceding the final examination during the summer term).

A student who wishes to withdraw from school during a semester is required to follow the official withdrawal procedure, which requires completion of a Withdrawal Form. The form must be signed by the registrar, advisor, librarian, financial aid officer, Vice President of Finance, TRiO Student Support Services, and Career Pathways if applicable. A student is said to have officially withdrawn when they have turned the withdrawal form with all of the necessary signatures in to the Registrar's office.

A student who withdraws without following this required procedure will be recorded as having withdrawn unofficially, and grades will be recorded as "F". If a balance is owed to the college, the student must set up payment arrangements before withdrawing with the Vice President of Finance. The Withdrawal Form may be obtained from the Student Services office at each campus location, the student's academic advisor, or the Ozarka College Webpage. Failure to attend class or failure to follow the official withdrawal procedures could cause a student to receive a letter grade of "F" in all courses. In this case, the Return to Title IV Funds Policy would apply once an official last date of attendance is established.

If a student withdraws unofficially from school during the final two weeks of a semester, the Vice President of Academic Affairs may waive the requirement that grades of "F" be recorded if the circumstances forcing a withdrawal justify special consideration.

Students who withdraw from school prior to the 60% completion point of any semester will require a R2T4 calculation to determine how much of their financial aid was earned and how much must be paid back to the school and/or federal government.

## **Post-Withdrawal Disbursements**

Post-withdrawal disbursement will be completed if a student withdraws from all classes and had a valid award on their account before the withdrawal. These disbursements will be made in accordance with Federal Regulations. If a student is due a post-withdrawal disbursement, the disbursement must be made from available grant funds before available loan funds. The disbursement must be made within 45 days of the institution's determination that the student withdrew. After the eligible post-withdrawal disbursements are credited to the student's outstanding current semester charges, the institution will offer the remaining balance to the student. Students are notified by email when the business office processes the post withdrawal to their account.

## **Determining Withdrawal Date**

A student's withdrawal date is:

- a. the date the student began the institution's withdrawal process or officially notified the institution in writing of the intent to withdraw;
- b. the midpoint date of the period for a student who leaves without notifying the institution;
- c. the student's last date of attendance at a documented academically-related activity; or
- d. the date the institution determines is related to special circumstances if those special circumstances prevent a student from beginning the withdrawal process.

When a student officially withdraws, a financial aid representative must sign the withdrawal form. A copy of the withdrawal form is retained and is used for documentation.

Students who unofficially withdraw are identified as having all failing grades (F's) on their semester grade report. At the end of each semester, the financial aid office will pull a report of students who failed all classes and will send them a letter requesting documentation of last day attended.

For a student who provides notification to the institution of his or her withdrawal, R2T4 is determined by the student's withdrawal date or the date of notification of withdrawal, whichever is later. For a student who did not provide notification of his or her withdrawal to the institution, the date that the institution becomes aware that the student ceased attendance.

## **Procedures for Calculation**

The Director performs the R2T4 calculations using the Department of Education return of Title IV funds software found on the main menu of the FAA Access at the CPS Online website:

<https://faaaccess.ed.gov/FOTWWebApp/faa/faa.jsp>

The treatment of title IV grant or loan funds if a student withdraws must be determined on a payment period basis for a student who attended a standard term-based (semester, trimester, or quarter) educational program.

There are a series of steps involved in any R2T4 calculation:

**Step 1:** Determine the percentage of aid earned by calculating the percentage of the period that the student completed. This can be derived from the withdrawal date.

**Step 2:** Determine the amount of earned aid by applying the percentage to the total Title IV aid that was or could have been disbursed.

**Step 3:** Determine the amount of unearned aid by subtracting earned aid from disbursed aid **or** determine the amount of a post-withdrawal disbursement by subtracting disbursed aid from earned aid

**Step 4:** If unearned funds must be returned, determine the school's and the student's shares; **or** if a post-withdrawal disbursement is due, determine the sources from which it will be funded

**Step 5:** If unearned funds must be returned, allocate unearned aid to programs from which student was funded; **or** if a post-withdrawal disbursement is due, send student applicable notification

**Step 6:** Return the institution's share and any funds repaid by the student or refer the student to ED; **or** make the post-withdrawal disbursement

R2T4 funds should be returned using the following priority:

1. Unsubsidized Federal Direct Loans
2. Subsidized Federal Direct Loans
3. Federal Pell Grant
4. Federal Supplemental Education Opportunity Grant
5. Other Federal Title VI assistance
6. Other Federal sources of aid

### **Timeframe of the Returns**

The responsibility for returning unearned aid is allocated between the college and the student according to the portion of disbursed aid that could have been used to cover college charges and the portion of disbursed aid that could have been disbursed directly to the student once college charges were covered. Ozarka College will distribute the unearned aid back to the Title IV program as specified by law. The student will be billed for the amount the student owed to the Title IV programs and any amount due to the college resulting from the return of Title IV funds used to cover college charges.

Ozarka College must return the amount of title IV funds for which it is responsible as

soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

An institution must determine the withdrawal date for a student who unofficially withdraws no later than 30 days after the end of the earlier of the period of enrollment.

### **National Student Loan Data System (NSLDS) Reporting**

The Financial Aid office will ensure that student enrollment status changes are reported accurately and timely to NSLDS, the guarantor and the lender/servicer. The Registrar's office will provide the Financial Aid staff with all withdrawal and drop forms completed by the students. Once the forms are received, the financial aid staff will determine if the student has dropped below six credit hours. If the student has dropped below six credit hours, the Financial Aid staff will report the withdrawn date in the NSLDS database. Also, the Registrar's office will submit files to the Clearing House four times a semester to ensure that enrollment is reported in a timely and accurate manner.

## **Title IV Fraud**

### **Fraud**

There are difficult situations where students and/or parents purposely misrepresent information in hopes of obtaining or obtaining additional assistance. The FAO is required to have a policy referral when confronted with actual or suspected cases of fraud and abuse. Students and parents who willfully submit fraudulent information will be investigated to the furthest extent possible. All cases of fraud and abuse will be reported to the proper authorities.

### **Student Fraud**

Department regulations require a school to refer to the Department's Office of Inspector General (OIG) any credible information indicating that an applicant for Federal Student aid may have engaged in fraud or other criminal misconduct in connection with his or her application. Schools must also refer to the OIG or any other third-party servicer who may have engaged in fraud, breach of fiduciary responsibility, or other illegal conduct involving the FSA Programs. It is always appropriate for a financial aid administrator to consult with a school's legal counsel prior to referring suspected cases of fraud or misconduct to any agency outside of the school. Ozarka College will refer applicants who are suspected of having engaged in fraud or others criminal misconduct in connection with the Title IV programs to ED's Office of Inspector General.

### **Procedures for Fraud**

To identify suspected fraud, the Financial Aid Office must identify and resolve discrepancies in the information received from different sources with respect to a student's application for Title IV aid. Some of the areas include but are not limited to:

- All student aid applications (e.g., federal, institutional, state, etc.)
- Need analysis documents [e.g., Institutional Student Information Records (ISIR)]

and Student Aid Reports (SARs)]

- Copies of state and federal income tax returns
- Information regarding a student's citizenship
- Previous educational experience (e.g., falsified school credential such as a high school diploma)
- Documentation of the student's Social Security Number
- Other factors relating to the student's eligibility for funds under Title IV aid programs (e.g., Selective Service registration compliance)

If, in a Financial Aid Officer's judgment, there has been intentional misrepresentation, false statement, or alteration of documents which have resulted or could result in the awarding or disbursement of funds for which the student is not eligible, the case shall be referred to the Vice President of Student Services and President for possible disciplinary action. After investigating the situation, if the Director believes there is a fraudulent situation, all information must be forwarded to the Office of Inspector General of the Department of Education.

The Director reviews the student's aid file with Vice President of Student Services and if the decision is made to pursue the possibility of denying or canceling financial aid, a written request to make an appointment, the Director may:

- Not process a financial aid application until the situation is resolved satisfactorily.
- Not award financial aid.
- Cancel financial aid.

## **Referrals**

If the school suspects that a student, employee, or other individual has misreported information and/or altered documentation to increase student aid eligibility or to fraudulently obtain federal funds, it must report those suspicions and provide any evidence to the US Department of Education Inspector General at 1-800-MIS-USED or 1-800-647-8733. The Director of Financial Aid may use the OIG web site at [www.ed.gov/offices/OIG](http://www.ed.gov/offices/OIG) or email at [www.oig.hotline@edu.gov](mailto:www.oig.hotline@edu.gov).