

The Financial Aid Compliance

Blueprint:

3 Steps You Should Take to Fix Your Financial Aid
Operation

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The financial aid office is very different than any other office on your campus. Its operation is vital to your institution. Managing a financial aid office is a complex and highly technical endeavor. Your financial aid office not only has the responsibility to coordinate and package awards for your students, but also has a heavy regulatory burden to comply with regulations from Federal and State Government. Each year, the work of the financial aid office becomes more complex as new Federal and State regulations become effective. As a result, financial aid offices rely heavily on the use of various information systems to help them coordinate awards and maintain compliance.

There is a myriad of systems that are used within the financial aid office each day. There are Federal and State Government systems, as well as your campus information systems. These systems must be utilized simultaneously to perform daily financial aid functions. They are complex and must be integrated to share data between the financial aid office, the Federal and State Governments, and other offices on your campus. Operating these systems takes time and expertise to manage and automate properly. In addition, staffing with advanced technical skills is needed within your financial aid office to work and manage the additional technology. Problems within the financial aid office have been known to lead to disastrous consequences that include loss of staff, student protests, Federal audits, and in the most extreme cases: school closures. In almost all of the cases, financial aid problems can be traced back to issues with systems and staffing.

Unfortunately, financial aid problems are costly to fix. In some cases, rehabilitating a poorly operating financial aid system can cost more than the original purchase price of the system itself. While it is impossible to address every issue that you may encounter, this White Paper will address some of the most important regulatory and system issues that you should look out for.

HOW HAS FINANCIAL AID CHANGED?

After the passage of the Higher Education Act of 1965, Financial Aid took a turn. Prior to that time, the only Federal program had been what is now known as Perkins Student Loans. In the Perkins era, the Department of Education (ED) provided schools money and told them to spend it according to the regulations, thus concluding their involvement. Needless to say, it has become much more complex over the years to the point that Department of Education is involved in almost every aspect of the financial aid office's function. This includes things that don't have anything to do with financial aid, such as Selective Service registration and drug usage. Congress and ED have consistently used compliance for federal funds as leverage to add additional oversight.

Years ago, Institutions had more flexibility to address the needs of their students, which afforded the financial aid office the ability to talk one-on-one with almost all financial aid applicants. This personalized service provided a sense of direction for each applicant, aided in providing clarity of where the student wanted to be. During this time, financial aid, academic, and career counseling was provided by the financial aid office.

As the funding and the applicants increased, that sort of personalized service became obsolete. Due to the increased volume, applications began being reviewed only upon apparent discrepancies. Schools began relying on the College Board, ACT, and information systems in order to determine student's financial condition. Most schools were forced to accept systems and servicers as necessary and would manage exceptions as needed.

Over the years we have encountered more and more involvement by the Department of Education. Congress still didn't understand much about how schools worked, but they knew they wanted to help students. As a result, Congress would pass laws that didn't necessarily lend themselves to easy implementation at the school or at the ED. As additional federal programs were created, Congress put additional oversight on ED who, in response, created an influx of procedures and guidelines for schools to follow. During this time, Congress used financial aid eligibility as the leverage they needed to push additional legislation.

Aside from Selective Service registration, the financial aid office was also handling drug use within schools. Financial aid offices continuously must comply with more and more regulations, some that have almost nothing to do with Financial Aid. The most current being sexual misconduct on campus and gainful employment. Schools are expected to police and monitor these issues in order to retain their Federal aid eligibility.

There is a great concern for whether a school can continue to provide student loans depending upon their default, graduation, and employment rates. It is difficult to

discern the level of control an institution has on how much a student is able to earn between his first and fifth year out of school, and whether a student pays back their student loan. However, schools are now held accountable for these types of issues.

THE 3 GREATEST CHALLENGES FACING YOUR FINANCIAL AID OFFICE

If the Congress would stop making silly laws that affect the financial aid office every three months, maybe the financial aid office could work more like your admissions office.

The 3 greatest challenges facing your financial aid office are internal compliance auditing, adequate system automation, and adequate staffing. Your financial aid office is a complex operation, functioning quite differently than any other office on campus. The financial aid office has become almost entirely regulatory driven, controlled by the regulations that Congress passes. Due the Higher Education act of 1965, granting them the power to dictate how your office is run. The Act was intended “to strengthen the educational resources of our Colleges and Universities and to provide financial assistance for students in post-secondary and higher education.” While this act made more Federal money available for students, it also created an opportunity for Congress to micro-manage the operation of schools receiving Federal funds.

Every School that wants to award Federal funds first must sign a participation agreement with the Education Department (ED). This agreement gives schools the ability to participate in the Federal Student Aid program (FSA) and subsequently award Federal funds, including Federal Pell Grants, Federal Direct Student Loans, and Federal Work study. All schools that participate in Federal Student Aid must comply with strict regulations that have been passed by Congress and enforced through ED. Schools that do not comply face serious consequences.

The dire nature of compliance demands that all financial aid practices must stay up to date with all regulatory changes. While most changes are usually Federal, state governments also impose and update regulations that must be upheld – each state has its own Congress, student aid programs, and its own Department of Education.

The greatest function of financial aid systems is to ensure schools operate in a compliant fashion. This is a huge responsibility, becoming the top priority of the financial aid office.

The Education Department uses several methods to **ensure** that schools remain compliant and are using correct procedures to award, disburse and account for the use of Federal funds.

*Every year your financial aid office undergoes a compliance audit. The Single Audit, also known as the OMB A-133 audit, is a rigorous, organization-wide **audit** or examination of an entity that expends \$750,000 or more of **Federal funds, Federal Grants, or Federal awards**) received for its operations. The Single Audit's objective is to provide **assurance to the US Federal Government** as to the management and use of such funds by **recipients such as Universities**.*

Your annual A-133 audit encompasses an examination of your school's financial records, **financial statements**, Federal award transactions and **expenditures**, the general management of your operations, internal control systems, and Federal assistance your school received during the audit period, usually covering a natural or fiscal year. The audit is divided into two areas: Compliance and Financial.

If a school is identified as having disbursed funds improperly, the school must restore those funds appropriately. Program reviews and audits are not conducted solely to recover funds, but also to identify procedural problems and recommend solutions.

If a school is cited for fraud or other serious program abuses in a program review or audit, the school may be subject to corrective action and/or sanctions, such as fines, emergency action, or limitation, suspension, or termination

INTERNAL COMPLIANCE AUDITING

Financial Aid is serious business, creating a substantial need for internal *compliance auditing*. Some of the more progressive schools have now added a dedicated position to their financial aid staffing requirements to meet compliance demands. However, there are still many schools that require the Director to maintain and manage compliance auditing in addition to all of his or her daily responsibilities. *To ease the demands on an already demanding role, all but the smallest schools need to designate a position for monitoring compliance, conducting internal compliance audits and ensuring that quality assurance is alive and well within the financial office.*

Although the financial aid office has the responsibility of operating in compliance with all Federal and State regulations, it is not solely their responsibility. Compliance

with the regulations is an institutional responsibility. Regulatory changes will often have an impact on your students, your staff, and your systems. It will often affect areas beyond the financial aid office.

It is often the assumption that the financial aid office is solely responsible for assuring compliance with financial aid regulations. This assumption is false. Federal and State regulations often require the financial aid office to collect data well beyond what is collected in the financial aid office. Regulations require your school to disclose and make information available to students. The scope of the information that must be disclosed involves every division, department, and operation on campus.

The Higher Education Opportunity Act, enacted August 14, 2008, which reauthorized the Higher Education Act of 1965 requires that institutions make available to students, applicants, parents and others, comprehensive and accessible consumer information, including but certainly not limited to:

- Academic Programs
- Campus Security, Crime Statistics, Fire Safety
- Computer Use and File Sharing
- Cost of Attendance
- Drug and Alcohol Abuse Prevention Programs
- Facilities and Services for Students with Disabilities
- Faculty
- Graduation Rates
- Graduation Rates for Scholarship Athletes
- Intercollegiate Athletic Program
- Job Placement Rates for Graduates
- Privacy of Student Records
- Retention Rates
- Refund Policy
- Student Diversity
- Textbook Information
- Transfer Policies and Articulation Agreements
- Withdrawal and Return of Federal Aid

The Law: The Higher Education Opportunity Act, enacted August 14, 2008, reauthorized the Higher Education Act of 1965.

*Resource: National Post-Secondary Education Cooperative:
Information Required to be disclosed under the Higher
Education Act of 1965: Suggestions for Dissemination
(<http://nces.ed.gov/npec>)*

ADEQUATE STAFFING

Another challenge most financial aid offices face is the lack of adequate staffing. *Adequate staffing* and *adequate automation* are very closely related with a unique relationship. There is a direct correlation between staff and automation in the sense that the more automation, the less staff is needed. However, sometimes where there is greater automation, there is a need for more staff with specialized skills to manage the automation.

Today, schools are having an increasingly difficult time finding suitable candidates to fill financial aid positions because the aid office and its positions have become so technical and specialized, that most individuals are not abreast or versed on the current daily functions. It has been my recent experience that in financial aid offices, the Associate and Assistant Directors don't feel comfortable even applying for Director positions because they don't feel confident in having a broad enough experience to take on that level of responsibility.

Twenty years ago very few, if any, financial aid offices had a technical staff person. Today, it is imperative to designate someone who thoroughly knows the financial aid information system on staff to be the expert liaison to the Information Technology (IT) department on your campus. Recently, the use of a full-time technical position has become customary within most financial aid offices.

In the early days, the financial aid office got all of its automation support from the IT department. However, in the last 10 years, financial aid offices have been increasingly putting their own staff in those roles. It has made it easier for both the financial aid office and the IT department to have a designated a technical person who specializes in financial aid. In all but the smallest financial aid offices, who are solely dependent on the IT department for support, the aid office has taken that role over.

This model is ideal because the financial aid office has become less dependent on IT. It is easier for the financial aid office to do the work themselves rather than train someone in IT. Financial Aid regulations change each year and IT tends to have a good bit of turnover. In both my roles as a Financial Aid Director as well as a consultant, I personally have had to train more than one IT staffer about the nuances of financial aid. I learned that it is more convenient for the financial aid office and the IT office to have a specialist designated to handle that arena.

As this may not be feasible for some smaller schools, the most effective method for smaller institutions is to delegate these responsibilities to one of their Assistant Directors or even a counselor. As society has become more technologically advanced, it's more likely to discover someone on the financial aid staff that knows the basics of information systems and how to move and format data from one system to another. Small schools may not have the resources to have a full-time systems specialist for financial aid, but it is critical to have an individual on board who understands the basics.

However, it is vital to build and spread this knowledge as much as possible. No institution should find themselves in a position that only one person understands the inner working of your financial aid systems. There should always be a back-up, at least in training— you never know when you will have to replace a key staff member. On many occasions, I have consulted at major institutions where the Financial Aid Director was also the Chief automation “guru” and then suddenly left. This is devastating to an institution, leaving the remaining staff members in the dark with no clue how to operate the system.

The goal is to have someone managing the financial aid technical operation that is both competent and trusted. Due to time and complexity of financial aid, it is impractical for Vice Presidents or other senior level staff to become experts in financial aid.

ADEQUATE SYSTEM AUTOMATION

“The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.”

--Bill Gates

A good system allows ordinary people to accomplish extraordinary tasks – the word SYSTEM has been known to be the acronym for: **S**ave **Y**ourself **S**ome **T**ime **E**nergy and **M**oney!

Administering financial aid is much too complex to do manually. Systems help to automate your financial aid office and allow you and your staff to operate more efficiently. Successful financial aid offices have learned how to make systems work for them. Managing a financial aid office requires the retention of a lot of information and regulations. The goal of system automation is to automate the most cumbersome and time intensive processes.

The best financial aid systems are designed to address the most common and tedious issues that most institutions face. That is a great starting point, but all systems must be additionally customized to automate each system and meet the specific needs of each institution. No system will do it all. Even the best programming systems have limitations. Successful financial aid offices understand this and learn to balance functional requirements with system automation.

Automating a financial aid system to meet specific needs may require a varying approach. In some cases, it may be more beneficial to adjust internal policies and procedures to better leverage the technology. In other cases, needs may be better met by implementing changes to the technology itself. You have the leverage to decide what works best for your office. The goal is to be aware of needs and utilize the tools that the system provides as resources to automate the most cumbersome tasks.

Top Processes to Automate
Loading Financial Aid Applications (ISIR Load)
Loading Applicant Corrections (ISIR Corrections)
Student Requirement Tracking
Student Award Packaging
Student Award Disbursement
Custom Reports

It is important to know that Financial Aid Information systems are not stand-alone. Your financial aid office relies on data from several systems and departments on your campus to perform its work. Financial Aid information systems are designed to be integrated with other systems across a campus, including the Academics and Business system, as well as Federal and State financial aid systems.

To be successful, Financial Aid must be able to work in conjunction with staff members of other departments. If your school is accustomed to each department operating independently, you will be challenged by the level of shared decision-making that is required to successfully operate your financial aid office and system. Break down the silos early and start a dialogue with other functional departments, automation will not work unless everyone is on the same accord. It is vital that everyone understand the need for working together.

You can save yourself a lot of headaches by building a relationship with these offices and understanding what data is required from them early on. You will need to consult them often as each year there will be new regulations that will impact the type of data that is needed from these areas

THE 3 STEPS YOU SHOULD TAKE TO FIX YOUR FINANCIAL AID OPERATION

In the new era of financial aid, every regulatory change requires that you first conduct an evaluation to identify how any changes impacts your students. Secondly, determine how it impacts your staff. Third, how does it impact your system?

There are two certainties in the world of financial aid: regulations and audits. As new regulations come into effect each year, you are expected to implement them and be prepared to be audited each year. These audits determine whether you are abiding by the regulations. Every financial aid office should have a process in place to evaluate and implement any new regulations, in preparation for upcoming annual audits. Careful coordination is required to fully identify which areas have been impacted, what needs to be done, and who needs to be involved. Every regulatory change requires you to conduct an evaluation to identify how any changes impact your students, your staff, and your systems.

It is a huge undertaking to implement new regulations. If your office is like most financial aid offices, you are already busy working to award new students and address their concerns. In addition to day to day work, you must find time to address all the new regulatory requirements. Typically, all new requirements have to be in place before you are able to start processing students for the new financial aid "Aid-year."

There are a lot of intricacies to consider and many items that need to be assessed. A plan of action helps guide the process. The earlier you know about them and put a plan in place, the better off you will be. New requirements may require you to change office policies and procedures, conduct additional training for your staff and make configuration changes to your financial aid system. You may also have to adjust other systems that are integrated with your financial aid system. This requires careful coordination and a thorough approach.

Someone must be in charge of leading this effort. It is rare that IT staff fully understands enough about financial aid and the impact of the regulations to fully lead the effort to implement and test new financial aid regulations. New regulations often require information that may not be available in a format that can be easily presented, or may not currently exist.

Fortunately, you are not alone in this process. ED, your financial aid information system vendor, and your State ED typically all publish information to help educate on the many new regulations and requirements in advance of the enforcement period. The key is to learn how to combine the information from all of these sources and formulate an action plan that can be used each year to track and implement regulatory changes.

CREATE A LIST OF NEW REGULATIONS IN ADVANCE

By Failing to Prepare, you are preparing to fail - Benjamin Franklin

The key to staying abreast of all of the regulatory changes is to plan ahead. You should start evaluating regulatory changes well in advance of the start of each new year. Financial Aid being a cyclical operation, it is vital for financial aid offices to develop an action plan that can be utilized each year. This plan should especially address identifying regulatory changes and their impact. This is what you need to know to get started:

Under the non-delegation doctrine, federal agencies are authorized to promulgate regulations (rulemaking) by "enabling legislation".[2] The process of rulemaking is governed by the Administrative Procedure Act (APA): generally, the APA requires a process that includes publication of the proposed rules in a notice of proposed rulemaking (NPRM), a period for comments and participation in the decision making, and adoption and publication of the final rule, via the Federal Register.

The first step is to start with a review of the Federal Register. This will give an advanced glimpse of any new or pending regulations that may affect your financial aid operation.

Review the Federal Register

All new Federal rules and regulations are first published in the *Federal Register*, organized by topic or subject matter and [codified](#) in the [Code of Federal Regulations](#) (CFR). The CFR is structured into 50 subject matter titles.

Agencies are assigned chapters within these titles. The titles are broken down into chapters, parts, sections and paragraphs.^[4] For example, 42 CFR 260.11(a)(1) would be read as "title 42, part 260, section 11, paragraph (a)(1)."

Most financial aid regulations are organized under CFR 34. The printed volumes of the CFR are issued once each calendar year. Titles 28–41 are updated as of July 1.

Review Dear Colleague Letters

Your financial aid update plan should include a review of all *Dear Colleague Letters*. Shortly after new regulations are codified in the Federal Register, the U.S. Department of Education (ED) will begin to distribute information to schools regarding new regulatory changes to FSA programs. ED distributes *Dear Colleague Letters* (DCLs) to schools, lenders, servicers, and guarantors to provide interpretive policy guidance about the Federal student aid programs. Typically, ED issues a DCL to provide interim guidance after Congress reauthorizes the Higher Education Act or between releases of final regulations. Dear Colleague letters are archived and made available for download on the Information for [Financial Aid Professionals \(IFAP\) website](#)

Review the FSA Handbook

Your plan should include a review of current version of the Federal Student Aid (FSA) handbook. The *Federal Student Aid (FSA) Handbook* provides policy guidance to schools and entities that administer the Federal student programs. The *FSA Handbook* consists of the *Application and Verification Guide* and six numbered Volumes. It is updated annually by ED. Typically, it is updated prior to June 30th of each year, which may be too late for much of your financial aid operational planning. However, it is a great resource to clarify the regulations and their requirements. The FSA Handbook does not make any special notations to highlight new regulations and changes to existing regulations, so you will need to gather these from your review of the Federal Register and Dear Colleague Letters. Updated versions of the FSA handbook are also made available for download on the [Information for Financial Aid Professionals \(IFAP\) website](#).

Wher to Find Regulatory Updates	
Federal Updates	Federal Register
Department of Education Updates	The U.S. Department of Education (ED) distributes <i>Dear Colleague Letters</i> (DCLs) to schools, lenders, servicers, and guarantors to provide interpretive policy guidance about the federal

	<p>student aid programs. Typically, ED issues a DCL to provide interim guidance after Congress reauthorizes the Higher Education Act or between releases of final regulations. Recent and archived DCLs are available on the Information for Financial Aid Professionals (IFAP) website.</p>
Department of Education	<p>The <i>Federal Student Aid (FSA) Handbook</i> provides policy guidance to schools and entities that administer the federal student programs. The <i>FSA Handbook</i> consists of the <i>Application and Verification Guide</i> and six numbered Volumes. It is updated annually by the U.S. Department of Education (ED).</p>

While regulations control much of what your financial aid office does, systems are the backbone of the operations in your financial aid office. You will use the above list to determine what impact the pending regulations will have on your operation. However, to do this successfully you will need to know how your system vendor intends to address each regulatory change.

ANTICIPATE WHEN YOUR SYSTEM VENDOR WILL MAKE SOFTWARE UPDATES

When new regulations are passed, schools are not the only ones that have to make adjustments. Your financial aid system vendor also has to conduct an analysis and make updates to make sure their software operates in a compliant manner.

Typically, your system vendor has a team of financial aid experts, analysts, and programmers that will make the necessary regulatory changes to the software. After the new code has been tested, the modified software is then made available for you to download and install on your campus. Your vendor will offer the modified software as a system update, patch or new release.

It is critical to understand how and when your system vendor intends to address regulatory changes. In my experience, I find that this is where most schools struggle the most. You can't assume that your system vendor will make updates to address every regulatory change. You also can't assume that any

updates your vendor makes will be made in time to accommodate your school's financial aid processing schedule.

The key to pulling together a cohesive plan to complete your annual financial aid system updates is to understand what regulations have and have not been addressed programmatically. You must be proactive to identify any gaps you will need to fill through some other method. This is where it helps to have someone on your financial aid staff that understands systems. *You must use the list of regulations and compare it to the new functionality that your software vendor intends to release.*

Your vendor will usually make a formal announcement regarding system updates. This may be first communicated through a roadmap, establishing when your vendor expects to make updates available and later communication through other documentation. In most cases, your vendor will document changes in a release guide, user guide, or some other format.

System updates will often have both functional and technical impacts. Not only will you have to make changes to your financial aid system, but updates may also require changes to be made to other systems on your campus or require additional training for your staff. The key things you should look out for when reviewing documentation from your vendor are:

- Check the **release dates** of when your vendor intends to release software updates. Your vendor may intend to release updates according to a set schedule, but delays are common. Make sure these dates correspond to your internal financial aid processing dates. Be prepared to make adjustments to your operating calendar if you encounter any delays.
- Vendors typically release software **updates** in pieces. Some vendors make as many as 4 updates a year to the financial aid system to address regulatory changes. Make sure you are keeping track of all the components.
- **Defects** are very common in new software updates, so be sure you are keeping track of any software defects. Additionally, report problems you discover back to your vendor for corrections or have the means to fix them internally.

If your financial aid system integrates with other systems on your campus, it is important to understand how any updates to the financial aid system impact other systems on your campus. Upgrades to your financial aid system may cause compatibility and integration issues. Other systems may have data elements that the financial aid office uses that will be changed. Your financial aid plan should include informing all of the offices and staff on your campus of any new changes .

Financial Aid is an integrated system, therefore other systems and offices on your campus have to be evaluated anytime anything changes within your financial aid system. Financial aid relies heavily on the data that comes in from admissions and from the registration area. In addition, financial aid offices push data downstream to student accounts that are handled in your business office. All of these areas have to be evaluated and tested to insure they work properly after each update. You should be knowledgeable of any of updates to any systems that integrate with your financial aid system, as any changes or updates to any integrated systems may also have an impact on your financial aid system.

You also need to know if updates require any technical changes.

- Will there be any new tables?
- Will there be any new processes?
- Will there be any new forms?
- Will new security access be needed?
- Have things changed on the existing forms or processes?
- Will there be new menus?
- Will there be new reports?
- Will there be new views?
- What additional training will be required to keep your staff abreast of any changes?

This list can become quite extensive and require coordination between your Financial Aid office, Admissions, Registration, Business and IT office.

What you need to know about FA Software Updates:

This may come in an email from your vender or it may be available on a vendor-supported listserv.

System Vendor Updates
Software Release Schedules
Software Compatibility Matrix
Software Release Code

CREATE A TEST PLAN FOR YOUR FINANCIAL AID OFFICE

The last step in completing your annual financial aid updates is testing. Everything must be tested to ensure all regulations are covered. As mentioned earlier, regulations not only have an effect on your financial aid office, but may also impact other areas of your school. For testing, you will need the input and cooperation of other offices on your campus including the academic, business, and IT departments. You will need to review the list of regulations and any new software updates to understand what to test and to determine the impact to your systems, staff, and students. This will also uncover any additional training and staff requirements needed.

To begin testing, you will need the list of regulations you gathered and all of the pertinent software updates from your system vendor installed. You will also need to assemble a team of testers, including staff from your financial aid office as well as

other offices on campus including admissions, registration, accounts receivable and IT.

The goal of testing is to assess your financial aid office's preparedness to comply with any new and existing regulations. During testing, you will simulate how you intend to operate your financial aid office to comply with all regulations.

Financial Aid compliance is too serious to just hope that your system is taking care of everything for you. You have to test. Testing has to become a part of the DNA of your school and your financial aid office, in order to avoid serious problems later.

Most Financial Aid offices don't understand how to test. Either they are too busy, or rely on the IT department to do the testing. This is a recipe for disaster. The IT department will rarely know enough about financial aid to do the testing for you. Testing financial aid requires functional expertise on the various regulations, in addition to technical knowledge of the financial aid system and its integrations.

Testing also includes other functional offices and systems on your campus that interface with the financial aid office including the admissions, registration and student billing systems. In addition, your testing should also include interfaces with systems for the Federal Government, State Government, and other Agencies.

It is very important to have a test plan, coordinating all of these activities and ensuring that all necessary regulations and requirements are covered.

WHAT TO INCLUDE IN YOUR FINANCIAL AID TEST PLAN

Your financial aid test plan outlines the process of testing the functionality of financial aid software and your office procedures. Your test plan should detail each step taken to process student aid applications, and should state the result and the objective of each step. Your plan should also identify any resources you need, the risks, and the staff you need to test. The purpose of the testing process is to eliminate bugs and other errors within your system and office procedures, before you begin to process student aid applications each year. Follow the steps below to create a test plan.

Your Test Plan should include the following:

Items in a Test Plan	What they contain
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Scope => Test scenarios/Test objectives that will be validated.
This includes any regulations required by the Federal Government, State Government, and other entities.

Out of scope => These are things that will not be covered during your testing. **In most cases some of the Federal financial aid systems, including Common Origination and Disbursement (COD) can NOT be tested because they do not have environments set up for testing. You can work with them in live production mode.*

Assumptions => All the conditions that need to hold true for us to be able to proceed successfully. **Your assumptions should include all regulations from Federal and State Governments. All regulations must be satisfied before testing can be successfully completed.*

Schedules => Test scenario prep

Test documentation- test cases/test data/setting up environment

Test execution

Test cycle- how many phases will you test i.e. (Unit Testing, System Testing, User Acceptance Testing)

Start and end date for cycles

Roles and Responsibilities
=>

Team members are listed

Who is to do what?

Module owners are listed and their contact info.

Deliverables =>

What documents (test artifacts) are going to produce at what time frames i.e. (correction files, origination files, disbursement files, tracking letters, award letters, loan notifications, student disbursement notifications/student bills.

What can be expected from each document?

Environment =>

What kinds of environment requirements exist? **Testing should be conducted in a non-production database with as much accurate student data as possible.*

Who is going to be in charge?

	What to do in case of problems?
Tools =>	What system is being used to record any errors?
Defect Management =>	Who are we going to report the defects to and when are they expected to be fixed?
	How are we going to report?
	What is expected-?
Risks and Risk Management =>	Risks are listed
	Risks are analyzed- likelihood and impact are documented
	Risk mitigation plans are drawn
Exit criteria =>	When to stop testing

Your test plan should be based largely on the regulations and the requirements outlined within the regulations.

Writing the Test Plan

- 1) **Write the introduction.** Your introduction functions as the “executive summary” of the test plan: its goals, its scope, and its schedule. This should be brief, as you will go into further detail in subsequent sections of the test plan.
 - a) Your goals and scope statements should define, in general terms, the methods that will be used in the testing process and the projected results. The scope statement should also include the most critical performance measures as well as a list of what the test plan will not address and why.
 - b) A schedule details the increments of time in which each phase of the test will be completed.

- c) Any related documents relevant to the current project, such as lists of specifications.
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- 2) **Define your objectives.** Your test plan should clearly define *what* you will test and *why* you will test it. These should always be based on industry standards.
 - a) Determine what the scope of the test is. What scenarios will be tested?
 - b) Determine what is out of scope for the test. What scenarios will not be tested?
 - c) Common scenarios include Unit Testing and Systems/Acceptance Testing.
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- 3) **Write a section on required resources.** This section describes all of the resources needed to complete the testing, including hardware, software, testing tools and staff.
 - a) When accounting for your staff, make sure to detail the responsibilities required of each member and the training needed to execute those responsibilities.
 - b) Make sure to document the exact specifications of hardware and software. Include any new software updates that need to be installed. (You obtained this information from your financial aid system software vendor.)
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- 4) **Write a section on risks and dependencies.** Detail all the factors that your project depends on and the risks involved in each step. The level of acceptable risk in your project will help determine what you will and will not test.
 - a) Consider the likelihood of various risks. You will need to prioritize the critical areas.
 - b) Be aware of any vague or unclear requirements. Users often lack the expertise to understand technical language or procedures, user misunderstanding could pose a risk.

- c) Use your past “bug” history to help you identify areas for concern and extra testing.
- 5) **Write a section on what you are going to test.** List what new aspects you will be testing and what old aspects you will be re-testing. Be sure to detail the purpose of each test.
- a) You can use your list of regulations and your list of new functionality from your software vendor to help you determine this list.
 - b) This section also represents your “deliverables,” or what data you will produce once the testing is complete. (i.e. origination files, correction files, disbursement files, requirement tracking letters, award letters, etc.)
- 6) **Write a section on what you will not be testing.** List any features that will not be tested during the current project. Reasons not to test features include:
- a) The feature will not be included in this version of the software
 - b) The feature is low-risk or has been used before without issue
 - c) The systems that interface with your financial aid system are unavailable to test
- 7) **List your strategy.** This section outlines the overall test strategy for your test plan. It will specify the rules and processes that will apply to the tests outlined above.
- a) Include information on tools to be used, what metrics will be collected and at what level, how many configurations will be tested, and whether there are any special requirements or procedures for testing.
 - i) **Develop pass/fail criteria.** These criteria will guide your testing staff so that they know whether testing objectives have been achieved. This section can also include “exit criteria,” so that your staff knows when it is acceptable to stop testing a certain feature.
 - ii) You should also include a list of suspension criteria and resumption requirements. This information tells testers when to pause tests and what the acceptable level of defect is to resume them.
- 8) **Write a list of documents that will be produced during testing.** Also known as “deliverables,” these documents are the data, reports, scripts, and results that will be produced by testing. (Origination files, correction files, disbursement files, requirement tracking letters, award letters, etc.)

- a) It is a good idea to assign these deliverables to “owners” who are responsible for their delivery and assign deadlines by which they are due.

Write a section on the results of your project. Outline all the goals that you hope to achieve during the testing process. Detail who is in charge of the final result.

Other Considerations Before Testing

Testing is usually split into three different phases. Unit Testing, System Testing, and User Acceptance testing. Each of these phases is important and used to accomplish different results.

Unit Testing is the first testing phase and is used to test any new software updates that you have installed. Unit testing is more technical and is typically conducted by your IT staff or someone who has access to the servers where your financial aid system is housed. Usually, a database administrator or system administrator will handle Unit testing. The goal is to confirm that any new software updates have been correctly installed, and all system functionality is available.

System Testing follows unit testing. The goal of system testing is to dive deeper into your financial aid system and ensure that you are able to process financial aid in compliance with all current regulations. System testing requires much more coordination, and will involve staff from various departments to complete. In order to successfully complete system testing, you will need to demonstrate the ability to successfully perform routine financial aid functions including loading aid applications, setting tracking requirements, packaging fund awards, and disbursing funds.

Careful coordination is needed for system testing due to the amount of student data that is needed from other systems and departments on your campus. System testing cannot be successfully completed without staging student data that is required to process financial aid awards. (This is where it helps to have someone from your admissions and registration offices on your testing team to assist with admitting and registering students.) You will need staff from your financial aid office that is knowledgeable with various financial aid awards and processes. Your Financial Aid Director or an Assistant or Associate Director can accomplish this. Your school may also have a Financial Aid Business Analyst who can accomplish system testing in lieu of the Director.

User Acceptance Test is the last phase of testing before your system is ready for use. This phase of testing is the final dress rehearsal before any new software updates and office procedures are ready for production. User Acceptance testing includes much more of your staff, along with other users, including your students performing the day

to day functions that are typical within your aid office. User Acceptance testing cannot be successfully completed until all defects have been mitigated and your users can perform all functions needed to complete their day to day work. Special attention should be given during this phase to carefully monitor any activities that are regulatory requirements. All regulatory requirements should be successfully addressed prior to completing testing to ensure that your production system will operate in a compliant manner.

Most of the problems encountered within financial aid operations can be traced back to systems and staffing. Your systems are such a vital part of your financial aid operation that you will be remised to not take the necessary steps to keep them updated each year. Regulations will certainly change, so you must get in the habit of testing each year. By using this information and developing a test plan, your financial aid office should be well prepared to implement any new regulations, avoid audit finding, and operate in a compliant manner to continue to service your students.

ABOUT THE AUTHOR

D. Nash is a Best Selling Author and Management Consultant with over a decade of Higher Education Administration and system implementation experience. His background includes roles in senior management, compliance, project management, process redesign, testing, training, and post go-live support. This extensive knowledge is coupled with a rare combination of functional experience as a financial aid director, and IT experience as an SIS project manager, Oracle DBA, systems consultant, and business analyst.

His industry experiences spans an array of America's leading institutions including: large public research based; large private non profit; public non profit, private non profit, private for profit, and small public two year colleges and universities. D. Nash earned a Master's degree with distinction in Business Administration from the Keller Graduate School of Management. He is recognized by the Project Management Institute (PMI) as a certified Project Management Professional (PMP).

Key Resources:

Title IV of the Higher Education Act of 1965, as amended (HEA)

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ315.110.pdf

34 CFR Part 668 http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title34/34cfr668_main_02.tpl

Federal Student Aid Handbook

<http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook&awardyear=2011-2012>

Office of Federal Student Aid, U.S. Department of Education

<http://www2.ed.gov/about/offices/list/rsa/index.html>

Information for Financial Aid Professionals web site (includes Dear Colleague Letters, publications, electronic announcements, regulations, etc.)

<http://www.ifap.ed.gov/ifap/index.jsp>

How to Write a Test Plan. (2016, May 23). Retrieved from <http://www.wikihow.com>

