

Minnesota Financial Aid Programs Audit Guide

Covering the 2014-15 Financial Aid Year—
Version 2.0 Issued August 31, 2015

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August 31, 2015

To the users of this audit guide,

We have continued our work to update this guide applying “plain language” wherever possible in section one. The remaining sections of the guide will be updated by not later than the 2015-16 version.

This is Version 2.0 of the 2014-15 version. Version 1.0 was issued in June 2015 for review by OHE staff and for use by external auditors. This version includes minor changes suggested by OHE staff to correct typos, clarify some issues, etc.

Our ultimate goal is to have a guide with separate sections for each program administered by the Office. We plan to have other sections for clock-hour programs, modular programs, and refund calculations including tuition and fee retention policies required by statute for licensed postsecondary institutions.

This guide is also available on the Office’s website on the “Campus Financial Aid Administrator Resources” page. Links to the Minnesota Financial Aid Manuals for the past several years are on the same page. The audit guide and the financial aid manual for a given aid year are intended to be used together to help postsecondary institutions administer the Minnesota aid programs.

We encourage you to read this guide and welcome comments and suggestions about it and the audit process. Contact information for the Office’s audit manager is provided at the end of section one.

We look forward to working with you to achieve the common goal of serving the students of Minnesota!

Sincerely,

The Minnesota Office of Higher Education Audit Staff

Acronyms and Terms Used In This Guide And Audit Reports

AICPA	American Institute of Certified Public Accountants
CAP	Corrective Action Plan
CCG	Minnesota Child Care Grant Program
CFR	Code of Federal Regulations
COA	Cost of Attendance
DDS	Decentralized Delivery System
ED	U.S. Department of Education
ED-OIG	U.S. Department of Education-Office of Inspector General
EFA	Estimated Financial Aid
EFC	Estimated Family Contribution
FAFSA	Free Application for Federal Student Aid
FSA Handbook	Federal Student Aid Handbook (2014-15 edition unless noted)
GED	General Educational Development or General Education Diploma
HEA	Federal Higher Education Act of 1965 as amended
Institution	In general, any Minnesota college or university which is subject to OHE audit based on participation in OHE aid programs. For SELF, it also refers to non-Minnesota colleges and universities which certify SELF loans for their enrolled students from MN.
ISIR	Institutional Student Information Record
LOA	Leave of Absence
LP	Loan Period
MFIP	Minnesota Family Investment Program
MISP	Minnesota Indian Scholarship Program
Minnesota Aid Manual	Minnesota Financial Aid Manual (2014-15 edition unless noted)
Minnesota financial aid	Refers to all grant, scholarship, work, and loan programs administered by the Office
MNGIB	Minnesota GI Bill Program
MnSCU	Minnesota State Colleges and Universities
MS	Minnesota Statutes
MSG	Minnesota State Grant Program
Office	Minnesota Office of Higher Education
OHE	Minnesota Office of Higher Education
Postsecondary institution	See "Institution"
REC	Recommended
REQ	Required
Reviewer	Used to represent either an OHE audit staff member or an external auditor
SAP	Satisfactory Academic Progress
SAR	Student Aid Report
SELF	Student Educational Loan Fund
SOS	Public Safety Officer's Survivor Grant Program
SWS	State Work Study Program

Section I

Audit Process and General Requirements

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Intended Users of this Manual

- OHE staff
- Financial aid and other staff of postsecondary institutions subject to audit
- Any other interested parties including the general public
- A postsecondary institution's external auditor hired to perform its Minnesota compliance audit

Institution's Right to Use External Auditors to Perform Its Minnesota Compliance Audit

Minnesota Statute 136A.1313 provides an institution the option to use the same external auditor who performs its federal compliance audit to simultaneously conduct its Minnesota compliance audit for the same fiscal year.

The institution must pay an external auditor for the additional work while audits performed by OHE are done at no cost to the institution.

The full text of MS 136A.1313 follows:

136A.1313 FINANCIAL AID AUDITS.

Beginning with audits for fiscal year 1996, in place of the audits provided by the office, public institutions that administer state grants under decentralized delivery may arrange for audits of state financial aid awards and tuition reciprocity recipients in conjunction with their audits for federal financial aid. Audits must be conducted in compliance with guidelines and materials prepared by the office. The office shall develop a review process including procedures for responding to audit exceptions. All other institutions under decentralized delivery may arrange for audits under this section beginning with audits for fiscal year 1997.

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Deadline for Institution to Notify OHE of Intent to Use or Discontinue Use of External Auditors

- The institution must notify the Office’s audit manager of its intention to use its external auditor by no later than the June 30 which ends the aid year to be audited (e.g. June 30, 2015 for the 2014-15 aid year). The notice may be by letter or email.
- The same process and deadline applies if an institution which had previously used its external auditor decides to have the Office conduct future Minnesota compliance audits.
- The information that the institution must provide to the Office consists of:
 - name and address of the CPA or firm contracted to conduct the Minnesota compliance audit
 - name, phone number, and email address for a specific person at the external auditor who OHE may contact

How the OHE Audit Process Interacts with an External Auditor’s Plan

The Office acknowledges that an external reviewer must comply with generally accepted auditing standards and other requirements of the profession. The Office assumes that an external reviewer will create an audit plan for the Minnesota compliance audit, obtain the necessary written assurances from the institution regarding compliance, etc. However, OHE does require an external reviewer engaged to perform a Minnesota compliance audit to modify the audit plan to conform to additional OHE requirements.

OHE’s programs are distinct from federal aid programs; there are even differences between the federal and the Minnesota need-based work-study programs. The OHE audit process was designed for use by its own reviewers and was meant to determine compliance only within OHE programs. Therefore, OHE requires an external reviewer to incorporate OHE’s process into the audit plan to provide the same level of assurance which OHE would have reached had it done the audit itself.

OHE has included special “Note to External Reviewer” sub-sections throughout the remainder of the guide to assist external reviewers with the planning and completion of a Minnesota compliance audit to OHE’s specifications.

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Compliance Audits in General

- Focus is on testing compliance attributes and reviewing processes and controls.
 - An attribute is a quality which was either met or not (e.g. Was the student a Minnesota resident or not?).
 - A process is a series of steps which leads to an end result (e.g. The payroll process includes certifying a student as eligible to work, recording hours worked, approving the hours, entering the hours into the payroll system, etc.).
 - A control is a safeguard which is designed to help prevent errors or fraud from occurring (e.g. A supervisor must review and approve hours worked by a student so that a student cannot submit 80 hours of time when he/she worked only 20).
- The audit report does not provide an opinion about the postsecondary institution's financial statements, overall internal controls, or other issues.

Purpose of the Minnesota Financial Aid Programs Compliance Audits

- To provide oversight of the \$200 million per year (mostly funded by taxpayers) in grant, scholarship, work, and loan disbursements to postsecondary institutions for the benefit of their students
- To ensure postsecondary institutions are handling the funds according to all applicable federal and Minnesota regulations, statutes, rules, policies, etc.
- To ensure that each student who applied and was eligible for Minnesota financial aid received the correct amount of funds and ineligible students did not receive funds
- To provide guidance and advice intended to correct and/or strengthen an institution's processes related to Minnesota financial aid programs

A Reviewer's Responsibilities

A reviewer assists the Office in meeting its stewardship responsibilities by reporting identified areas of noncompliance and possible internal control weaknesses.

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A reviewer must document and report all exceptions to the following:

- Institution has correctly and timely reported its program expenditures and other financial information to the Office
- Institutional management's assertions relative to compliance with all requirements in this guide and the Minnesota Financial Aid Manual for the 2014-15 Aid Year are fairly stated in all material respects (e.g. institutional reporting, student eligibility, institutional disbursements, refunds, and if applicable, close out audits, etc.)
- Institution's actual compliance with program statutes, rules and policies including federal laws, regulations, and policies if they overlap with Minnesota's
- Minnesota financial aid program funds disbursed only to eligible students in the audit samples
- Correct amount of Minnesota financial aid program funds disbursed to eligible students in the audit samples (must report all instances of over awards and under awards)
- An event of non-compliance must be reported even in a case where corrective action was taken by the institution after the end of the aid year under audit. The only exception to this is an instance that was detected by the institution's internal control structure (e.g. during reconciliation), which was corrected in a timely manner, and did not result in Minnesota financial aid funds being disbursed to ineligible students or disbursed to eligible students in excess of or in an amount less than the correct amounts. The Office's audit manager may reduce a finding to a recommendation or comment depending on the circumstances.

How Compliance Exceptions Are Presented in an Audit Report

The Office's audit manager decides what level a compliance exception should be labeled in the audit report. The decision is based on factors such as:

- Was the same issue noted at a lower exception level in prior audits of the institution?
- How many students in the audit sample had the same exception?
- What was the dollar value of the exception?

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The possible levels for labeling an exception in the audit report are:

- Not included—Some very minor issues are not listed in the audit report but are discussed with the staff of the institution.
- Comment—This is used to document an exception which could expand to a higher level of concern in future audits. No repayment of funds is required and the institution does not have to formally respond to a comment.
- Recommendation—This is used to encourage an institution to review and preferably make changes to one or more of its processes. No repayment of funds is required. The institution must formally respond in its corrective action plan (CAP) with its decision whether or not to implement the recommendation.
- Finding—This is used to formally recognize an exception. The institution will be given one or more requirements to fulfill. The institution must provide a detailed response as part of its CAP. A requirement may be many things including:
 - Repayment of funds to the Office
 - A full review of all recipients in a certain aid program not already reviewed in the audit sample
 - A mandated change in the institution's processes
 - Provide missing documentation to the Office

Appendix A at the end of this guide contains a recent actual OHE audit report. This report has examples of findings, recommendations, and comments.

Note to External Reviewer

The external reviewer should prepare his/her report using whatever format is acceptable under accounting standards. However, the external reviewer must also prepare a student-level report similar to OHE's report standards (see example in Appendix A) which should include the reviewer's opinion as to the level of non-compliance. The external reviewer's judgment on the level of non-compliance is not expected to always match with OHE's opinion.

Frequency of Minnesota Compliance Audits

The Office disburses funds each year to approximately 130 Minnesota postsecondary institutions. The institutions range from very small private for-profits disbursing a few SELF Loans each year to the largest public institutions.

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In general, the Office will audit an institution once every two to three years. The Office retains the right to audit an institution more or less frequently depending on its specific circumstances.

The Office's audit manager (who also oversees internal audits and other compliance functions) prioritizes each institution in September/October based on many factors including how many years since the last review, prior review findings, turnover in staff at the institution, etc. The program reviewers then begin their reviews starting with the highest priority institutions.

Note to External Reviewer

An institution which hires external reviewers to perform its Minnesota compliance audit must perform the audit every fiscal year until it notifies the Office that it will no longer use the external reviewer for the Minnesota audit.

If an institution had multiple campuses, each campus had a unique federal and/or Minnesota identifying number, and each campus processed its own Minnesota aid programs in the year under audit, then the external reviewer must complete an entire Minnesota compliance audit for each campus each year. Sample sizes and other matters in this guide would apply to each individual campus population by Minnesota aid program. Separate reports for each campus must be prepared.

Program Review Period

The reviewer will examine and verify the institution's compliance for the period from July 1, 2014 to June 30, 2015. However, the reviewer may need to review activity which occurred in a prior or subsequent year in order to determine if the institution was in full compliance during the 2014-15 aid year.

Note to External Reviewer

If the standard audit period of July 1-June 30 for the Minnesota compliance audit does not match the audit periods for the institution's fiscal records and/or its federal Title IV/HEA aid programs, the external reviewer has two options:

- Conduct the Minnesota compliance audit for the July 1, 2014 to June 30, 2015 time period.
- Contact the Office's audit manager to request approval to conduct the Minnesota

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compliance audit for the time period used for the institution's audit of its fiscal year and Federal Title IV/HEA programs.

Programs, Policies, Offices, and Other Items Subject to Review

The reviewer will examine any document, process, or other item from any institutional office that he/she reasonably believes had or has an impact on the administration of a Minnesota aid program. This includes information from prior aid years as well as aid years after the year of review if a student has continued to be enrolled. For example, if Minnesota aid was disbursed to a non-Minnesota resident in the 2014-15 year, the reviewer must then examine prior years' of that student's attendance. The institution may be required to repay funds for up to three consecutive years in the past (in this example, 2012-13, 2013-14, and 2014-15) plus any funds disbursed in subsequent years (in this example, 2015-16 and beyond).

The reviewer must be aware that Minnesota financial aid programs are often administered by more than one office or area of the institution. A part of the audit includes understanding the flow of information both within the financial aid office and also between other offices and the financial aid office. An example is the likely overlap of responsibilities between the financial aid office and the student accounts/business office for completing refund calculations when a student fully withdraws from school.

As part of the audit planning, the reviewer must examine all of the following programs from which an institution disbursed funds or participated in during the aid year under review:

- Minnesota State Grant Program (MSG)
- Postsecondary Child Care Grant Program (CCG)
- Public Safety Officer's Survivor Grant Program (SOS)
- Student Educational Loan Fund (SELF)
- State Work Study Program (SWS)
- Minnesota GI Bill Program (MNGIB)
- Minnesota Indian Scholarship Program (MISP)
- Minnesota-North Dakota Tuition Reciprocity (MN-ND)
- Minnesota-South Dakota Tuition Reciprocity (MN-SD)
- Minnesota-Wisconsin Tuition Reciprocity (MN-WI)
- Iowa Reciprocity Program (MN-IA)
- Manitoba Reciprocity Program (MN-MAN)
- The Midwest Student Exchange Program (MSEP)

The reviewer will examine the following policies and their administration, if applicable:

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- Institutional refund policy—covers reductions in tuition, fees, etc. when a student fully withdraws during a term including the mandated policies for licensed institutions and cosmetology schools
- Financial aid refund policy—explains return of funds to various aid programs
- Financial aid satisfactory academic progress policy
- Prioritization policy for the CCG program
- Policy to “lock” student’s enrollment level at a drop/add or other date
- Leave of absence policy

Note to External Reviewer

OHE has developed a series of questionnaires designed to collect information from each institution about its processes and controls. The draft versions of the questionnaires are currently under review by the Minnesota Association of Financial Aid Administrators (MAFA) which will provide feedback to OHE before final versions are sent out to institutions. The results of the questionnaires will first be used for audits of the 2015-16 aid year.

OHE expects that an external reviewer will already have a good sense of the institution’s internal controls because the reviewer is also responsible for completing the federal aid compliance audit and possibly the financial statement audit. If the external reviewer has any concerns about an institution’s federal or Minnesota aid program processes or internal controls, OHE requires that those concerns be included in at least the student level detail report if not already in the reviewer’s standard report.

Third Party Servicer Audits

When an institution uses a third party servicer, the reviewer should obtain the most recent servicer audit and any other reports regarding servicer compliance. If the audit contains findings of noncompliance, the reviewer should assess the effect of that noncompliance on the nature, timing, or extent of substantive tests at the institution. If significant noncompliance is disclosed in the servicer's audit, the reviewer must assess the effect of that noncompliance on the institution and include that information in the Minnesota compliance audit program report.

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Follow-Up On Prior Audit Findings

The reviewer must request from the institution and examine prior audit findings contained in audit or program review reports from external auditors, ED-OIG, ED, and the Office, as well as the resolution of those findings. If the institution does not have or does not provide compliance audit reports from prior fiscal years to examine, the reviewer should include a compliance audit finding in the current year's report.

Close Out Audits

An institution that loses eligibility, ceases to provide educational instruction, or otherwise discontinues participation in one or all of the Office's programs must have a close out audit. This audit should cover the period from the end of the last audit through the date participation ends unless the audit manager and the OHE program managers agree that a shorter timeframe is acceptable.

The close out audit should occur prior to the end of participation if possible, but if not, then it should be completed immediately after the end of participation.

Note to External Reviewer

A close out audit should only be performed by OHE reviewers. If an institution uses an external reviewer to complete a close out audit, OHE will examine the external reviewer's work in detail before closing the audit.

Recent Changes to How and Where OHE Audits Are Performed

The Office has experimented with new ways of performing audits to:

- Maximize the time spent performing audits in lieu of travel,
- Reduce the travel, lodging, and meal costs incurred by the Office for out-state reviews, and
- Still maintain close working relationships with institutions' financial aid staff

There are many good reasons for performing an audit at the institution. However, the Office has determined that performing audits in the Office using available technology is more efficient.

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The Office began an experiment in mid-2014 during the 2012-13 review cycle:

- Divided Minnesota into five regions (Metro, Northwest, Northeast, Southwest, and Southeast)
- Identified the institutions located in each region
- Selected a group of institutions from one out-state region (each a top priority to review)
- Contacted the financial aid directors to arrange a common date to pick up required documents
- Reviewer made a one-day trip to pick-up the documents
- Reviewers performed the audits at their desks
- Reviewer conducted exit interview by phone after each completed audit

Some of the benefits of this process were:

- Reviewers have more desk space to spread out documents (compared with some institutions where the reviewer has little work space)
- Reviewers have dual computer monitors at their desks compared with a single laptop screen when working on site—allows for greater work efficiency
- The documents at OHE are kept locked in a file within a locked office suite to maintain privacy of data
- Office travel costs were reduced

The Office was pleased with the initial results, but also believed that improvements could be made which continue to be in progress:

- Encouraging institutions to provide documentation by a secure electronic means to avoid printing or copying of paper documents (e.g. the Office is working with MnSCU to move to an electronic method to transfer documents)
- Increasing the volume of documents received by electronic or mail methods further reduces the need for reviewers to pick up documents in person
- Conducting exit interviews using Microsoft Lync or other technology did not work as planned so phone interviews have been used. Office will now conduct exit interviews in person whenever possible—reviewers will travel to multiple institutions in a single trip

The Office is also using this process for many institutions located in the Metro region. Unlike the out-state regions, the Office will usually not collect documents from multiple institutions at once.

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General OHE Audit Process for 2014-15 Using Fictional “X College”

1. Office audit manager prioritizes the list of all institutions (see “Frequency of Program Reviews”)
2. Program reviewer selects X College from list of top priorities
3. Program reviewer contacts X College’s financial aid director to discuss available dates and to determine if review will take place on-site or at the Office—in this case, Office review is chosen
4. Program reviewer obtains information and lists of aid recipients by program from Office program managers
5. Audit manager and program reviewer decide if the standard sample amounts should be increased or decreased based on prior reviews and other factors
6. Program reviewer selects random samples of students from each program
7. Program reviewer prepares and sends a letter to financial aid director with the names of the students in each sample along with the Office’s document requests—X College given at least two weeks to prepare documents
8. Program reviewer receives documents requested by mail, by secure electronic transfer, or by personally picking them up at the institution
9. Program reviewer performs the audit at Office noting: status of any prior findings, new findings, recommendations, comments, etc.
10. Program reviewer contacts financial aid director to arrange for a date and time to conduct the exit interview either at X College or via phone
11. Program reviewer, after completing the exit interview, writes the first version of the audit report and submits it to the audit manager
12. Audit manager assigns audit number and reviews the report and collected documents
13. Audit manager meets with program reviewer to discuss first version of report including questions, comments, and corrections from his review
14. Program reviewer resolves all issues raised by audit manager and updates the initial report
15. Program reviewer electronically sends the initial report to the Office’s three program managers for review and comments
16. Program reviewer sends the approved initial report and, if applicable, a draft invoice to the financial aid director, the aid director’s immediately supervisor, and any other persons X College has requested
17. X College given approximately 30 days to either accept the report as is or to make a written appeal (e-mail is fine) of one or more items in the report
18. X College appeals a finding in the report
19. Audit manager reviews the appeal and any supporting documentation provided by X College; if the issue is very complex or unusual, audit manager and program reviewer meet with appropriate program manager to determine outcome of appeal
20. Program reviewer prepares final cover letter indicating the results of the appeal and the

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final report (which is the same as the initial report if no appeals or other changes have been approved) and requests official invoice, if applicable

21. Program reviewer sends final report and invoice, if applicable, to X College's CEO, all persons who received the initial report, and any other persons requested by X College
22. College X given approximately 30 days in which to return to the Office a corrective action plan (CAP) in which it must respond to each finding and recommendation in the final report—recommendations must either be accepted or declined with rationale, findings require a detailed response showing what actions X College will take to resolve the current issue and how it will avoid similar findings in the future
23. Program reviewer and/or audit manager reviews X College's CAP and accepts it or returns it to X College with additional guidance to amend and re-submit it
24. Program reviewer sends a closed review letter to X College once all requirements from the review, including an accepted CAP response, are met

Note to External Reviewer

The preceding two sections described OHE's processes. OHE has previously indicated in this guide that an external reviewer must follow whatever processes are required by accounting and auditing standards. As noted in some sections, OHE may add some requirements or impose stricter standards so that the external reviewer's process meets OHE's standards.

Engagement Letter

The engagement letter between the institution and the external reviewer must include the following:

- A statement that the compliance attestation engagement (Minnesota compliance audit) is to be performed in accordance with the standards included in this guide and the Minnesota Financial Aid Manual for the 2014-15 Aid Year;
- A description of the scope of the engagement and the related reporting that will meet the requirements of this guide;
- A statement that the institution's management understands that the Minnesota Office of Higher Education intends to use the external reviewer's report to help carry out its oversight responsibilities of its financial aid programs; and
- A provision that the external reviewer is required to provide the Office, and its representatives, access to working papers (including making photocopies, as necessary).

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Consultation with OHE during the Audit

An external reviewer must consult with the Office's audit manager if there are any concerns or questions during the performance of the Minnesota compliance audit. This includes the case when the external reviewer suspects illegal or fraudulent activity which may require the audit manager to consult with the Minnesota Attorney General or other authorities. Actions must be taken to ensure individuals' rights are protected while also not jeopardizing the outcomes of any future investigations.

External Reviewer Reports to OHE

- The Office requests that the institution authorize its external reviewer to send a draft of the Minnesota compliance audit report to the Office's audit manager for review prior to the report becoming final.
- The external reviewer will send to the Office's audit manager the following by mail or email attachment by January 31, 2016:
- A copy of the institution's federal financial aid compliance audit—if more than one version, send the long-form with all attachments including the corrective action plan (CAP)
- A copy of all management letters and other documentation as currently required by any federal audit guides including the current A-133 circular
- A copy of each Minnesota compliance audit report if not included in the federal report (both an external reviewer's standard report and the student-level detail report must be sent)
- The institution's proposed Minnesota CAP printed on the institution's letterhead.

The Office's audit manager will review the reports/documents provided by the external reviewer.

The audit manager will either accept the report and CAP and issue a letter to the institution stating that the Minnesota compliance audit report is accepted and closed OR request further updates to the CAP before issuing the close letter.

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OHE Materiality Standards

Materiality standards are different for a Minnesota compliance audit as compared to financial statement audits.

The reviewer must report all disbursements of Minnesota financial aid program funds to ineligible students and all disbursements which exceed or are less than the amount due an eligible student.

Disbursement amounts which vary by \$1 or less do not need to be reported or noted.

The program reviewer must report all instances where a required process or other attribute was not in compliance. For example, if the institution entered incorrect family size or total family income into the Postsecondary Child Care Grant calculation but the resulting grant amount was correct, the reviewer must still note those errors in the audit report.

If a compliance audit results in an amount due to the Office of less than \$100, no invoice will be issued to the institution unless one of the following exceptions exist.

- Any amount due for the SELF program must be repaid either to OHE or to Firstmark.
- If OHE has required an institution to complete a full review of one or more program's population, then the \$100 cut-off will not be determined until the results of the full review are known by OHE.

Note to External Reviewer

If an external reviewer normally aggregates findings and reports in a summary format for an official audit report, that process may continue. However, an external reviewer must also document each instance of non-compliance in a separate student-level report comparable to OHE's reporting process (see example in Appendix A).

An external reviewer must use OHE's materiality standard.

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Sample Selection

The size of the sample will depend on the number of students participating in the program (the “population”) and the results of prior reviews. The reviewer should increase the sample size if they believe there is an increased possibility of financial aid disbursements to ineligible students or other issues.

In the case of finding that an institution had a systemic problem in calculating awards for a particular program, the reviewer may require the institution to perform a 100% review of the population for that program. The full review may cover the aid year under audit, the previous aid year, the aid year still open at the time of the audit (e.g. 2015-16), or any combination of these.

The Office began using a statistical compliance sampling model during the audits of the 2013-14 aid year. The Excel function HYPGEOM.DIST is the tool used to determine sample sizes. The function has five arguments which are determined by the OHE audit manager in discussion with a reviewer.

OHE’s initial goal is to determine a baseline of compliance by program for each institution. An institution’s first audit beginning in the period of 2013-14 or later will become its baseline. Depending on the results of the baseline audit, subsequent audits of the institution may require the use of an increased or decreased sample size which may vary by aid program.

OHE’s initial goal is to determine the level of compliance with a 75% confidence level using a tolerable error rate of no more than 3% with an expected error rate of zero.

The HYPGEOM.DIST function returns a decimal which is the complement of the confidence level. In other words, if the function’s result is at or about 0.25 (25%), then the sample size used in the calculation is the correct one to yield a 75% confidence level.

The function’s arguments for this application:

- Argument 1 is the expected error rate which must always be set to zero (0)
- Argument 2 is the sample size which must be determined after the other arguments are set; use trial and error entering various numbers until the function returns a result as close to 0.25 as possible
- Argument 3 is a numerical value representing the tolerable errors in the entire population (e.g. if the population is 500 and the tolerable error rate is 3%, then the value to enter for Argument 3 is 15 (3% of 500). If the amount is not a whole number, always round up.
- Argument 4 is the total population to be sampled (e.g. the number of students who

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received Minnesota State Grant during the year under audit)

- Argument 5 is always set to TRUE to use the function in the way prescribed by the AICPA

NOTE: If a population for an aid program is 10 or less, then the sample size will be the population.

The sample process described above will be used for all Minnesota aid programs with the exception of the reciprocity programs.

Reciprocity Sample Sizes

For the 2014-15 aid year review cycle, the sample size will be the lesser of either the total population of the particular reciprocity program or five students. This sample process will apply to each of the following:

Iowa Reciprocity Program
 Manitoba Reciprocity Program
 Midwest Student Exchange Program (The)
 Minnesota-North Dakota Tuition Reciprocity
 Minnesota-South Dakota Tuition Reciprocity
 Minnesota-Wisconsin Tuition Reciprocity

Additional Samples to Audit

Refund Sample

In addition to the program samples, the reviewer will request from the institution a list of all students who fully withdrew from the institution during a term of enrollment in the 2014-15 academic year who also had received funds from one or more Minnesota financial aid programs.

A sample of 5% from the total population will be selected at random with a maximum of 20. This sample will be reviewed for proper usage of tuition and fee retention policies per the appropriate MS 136A, MS 141, or cosmetology refund policy. Further, the sample will be reviewed for proper usage of the Return of Title IV Funds and the OHE Refund Calculation policies. The reviewer will report on this sample in a separate section of the program review report.

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NOTE: If one or more students selected in the random program samples also withdrew during a term, then that student(s) may count toward the 5% refund sample. After calculating the number of withdrawals to review (5% of the total institutional list), the reviewer must delete the names of the student(s) from the program samples from the institution's list of Minnesota withdrawals. The 5% total is then reduced by the number of withdrawals identified in the program samples. Finally, using the reduced number needed to reach the 5% total, the reviewer will randomly select that number of students from the reduced institutional Minnesota withdrawal list.

The Minnesota Dream Act and DACA Sample

A reviewer must contact Ginny Dodds, OHE's State Financial Aid Manager, to determine if any students at the institution under audit received Minnesota aid under the Minnesota Dream Act or under Deferred Action for Childhood Arrivals (DACA). DACA students may also have worked under State Work Study. If there were disbursements to students at the institution, then the reviewer must obtain a list of the students and the amounts disbursed by term by program.

The reviewer should use the same sampling methodology used for all Minnesota aid programs except reciprocity detailed earlier in this section.

Since the students' eligibility documents were already verified by the Office, the reviewer will only need to perform limited work on these students.

Note to External Reviewer

An external reviewer must follow OHE's sampling methodology and other requirements.

An external reviewer must obtain copies of the institution's final year-end reports for all Minnesota aid programs the institution participated in during the year under audit. The official reports with lists of students who received awards from each program should be obtained directly from the Office. The institution must provide permission to the Office prior to the release of the information.

Final reports and lists for the 2014-15 fiscal year are available after an institution officially closes out with the Office. Depending on the aid program, the reports should be available beginning in August/September of 2015 unless the institution successfully closed out earlier.

If the external reviewer begins the audit while the 2014-15 aid year is still open, then additional work may be required after the year is closed out to ensure that OHE's sampling and coverage of the total aid program populations are covered. The external reviewer should communicate with the OHE audit manager throughout the process to avoid any issues.

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An external reviewer may and should require the institution to perform a full review of a program's population if the reviewer suspects a systemic issue. The reviewer is encouraged to contact the Office's audit manager if he/she wishes to discuss a particular situation before requiring a full review.

Contact The Office's Audit Manager

Any questions, comments, or suggestions regarding this manual should be addressed to:

Robert Helgeson, Audit Manager
Minnesota Office of Higher Education
1450 Energy Park Drive, Suite 350
Saint Paul, Minnesota 55108-5227

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SECTION II

Attributes, Policies, and
Procedures to Be
Audited

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INFORMATION ABOUT SECTION II

Section II is divided into four subsections:

- Subsection II A Student eligibility qualifications
- Subsection II B Award calculations
- Subsection II C Disbursements, refunds and returns, and other compliance
- Subsection II D Tuition reciprocity programs

Each subsection other than D begins with a summary chart showing which attributes/processes are required by each aid program.

Subsection II D covers reciprocity programs. Only students attending either a Minnesota State College and University (MnSCU) System institution or a University of Minnesota campus are eligible to participate in a tuition reciprocity program.

Each attribute/process page includes references to specific statute, rule, and process. In some cases, OHE interpretations of references are also provided.

A reviewer must follow the requirements listed, but should also use good judgment to determine if additional audit work beyond the requirements should be conducted.

A reviewer must have access either in paper or electronic form to the following:

- The 2014-15 version of the Office's State Financial Aid Manual including supplemental changes made during the course of the fiscal year. The manual is available on the web at: <http://www.ohe.state.mn.us/> and can be found by clicking on "High School & Campus Resources" at the top of the homepage and then on "Campus Financial Aid Administrator Resources".
- The institution's catalog and student handbook for the year under audit.
- The 2014-15 Federal Student Aid Handbook.

A reviewer should be familiar with the relevant statutes, rules and procedures related to the various Minnesota financial aid programs in order to obtain an understanding of the compliance requirements. Specific requirements may change periodically and reviewers must be up to date on any changes.

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SUBSECTION II A-- STUDENT ELIGIBILITY QUALIFICATIONS

Attribute to Review	Minnesota Financial Aid Programs						
	MSG	CCG	SOS	SWS	SELF	MGIB	MISP
Resident of Minnesota	X	X	N/A	X	N/A	X	X
Eligible veteran, surviving spouse or child or eligible non-veteran	N/A	N/A	N/A	N/A	N/A	X	N/A
Not receiving tuition reciprocity benefits	X	X	N/A	X	N/A	X	X
No baccalaureate degree (or equivalent)	X	X	N/A	N/A	N/A	N/A	N/A
Less than equivalent of 8 full-time semesters of postsecondary education	X	X	N/A	N/A	N/A	N/A	N/A
Less than equivalent of 10 full-time semesters of postsecondary education	N/A	N/A	X	N/A	N/A	N/A	N/A
Federal satisfactory academic progress—MN has adopted the federal standards for most programs	X	X	N/A	X	REC NOT REQ	X	X
Satisfactory academic progress as defined by the institution	N/A	N/A	N/A	N/A	X	N/A	N/A
Not in default on student loan	X	X	N/A	N/A	X	N/A	X
Not on MFIP	N/A	X	N/A	N/A	N/A	N/A	N/A
Eligible dependent child & child care expenses	N/A	X	N/A	N/A	N/A	N/A	N/A
HS grad/GED or 17 years of age or older	X	N/A	N/A	N/A	N/A	N/A	N/A
In a degree, certificate or diploma program	X	X	X	X	X	X	X
In an undergraduate program	X	X	N/A	N/A	N/A	N/A	N/A
In a nonsectarian program	N/A	X	N/A	N/A	N/A	N/A	N/A
Student filed FAFSA	X	X	N/A	X	N/A	X	X
Recipient not eligible for benefits under 135A.52	N/A	N/A	N/A	N/A	N/A	X	N/A

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RESIDENT OF MINNESOTA

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION:

Minnesota State Grant
 Postsecondary Child Care Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

The standards a student needs to meet in order to be considered a Minnesota resident are the same for all OHE programs listed above. To participate in the Public Safety Officer's Survivor Grant or the SELF program, a student who is attending a Minnesota postsecondary educational institution does not need to be a Minnesota resident.

REFERENCES:

MS 136A.101, Subdivision 8, "Resident Student" means a student who meets one of the following conditions:

- (1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;
- (2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;
- (3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution;
- (4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;
- (5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;
- (6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran is a Minnesota resident;
- (7) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; or
- (8) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota.
- (9) a student eligible for resident tuition under section 135A.043

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Minnesota Rule 4830.0100 Definitions for Higher Education Programs, Subpart 10.

“Minnesota resident” means:

- A. a dependent student whose parent or legal guardian resides in Minnesota on the date of application;
- B. a student who has resided in Minnesota for other than educational purposes for at least 12 consecutive months without being enrolled at a postsecondary institution for more than five credits in any term prior to the date of application;
- C. a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school;
- D. a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota; or
- E. an independent student who was initially a Minnesota resident as defined in item A and who has continued to reside in Minnesota.

Minnesota Rule 4830.0100 Definitions for Higher Education Programs Subpart 10a.

“Determination of student residence.” The residence of the parent whose financial information is reported in the financial need analysis determines the residence of the student.

OHE Financial Aid Manual, Common Definitions Section I, Pages 9 to 17, dated July 2014.

Unless provided for in 136A.101, Subdivision 8, independent students, who are not eligible residents of Minnesota at the beginning of their enrollment period, cannot become a state resident unless the student resides in the state for a period of 12 consecutive months without being enrolled in a postsecondary institution, or institutions, for more than 5 credits in any term.

Dependent students, who are not eligible residents of the state at the beginning of their enrollment period, become residents when their parent(s) becomes a resident of Minnesota. See Minnesota Rule 4830.0100, Definitions for Higher Education Programs, Subpart 10a.

REVIEW REQUIREMENTS:

This requirement is self-reported on various documents in the student’s financial aid file. The reviewer must determine, using available documentation at the institution, if the student met the required resident standards. Documentation that the reviewer must examine includes, but is not limited to:

- the student’s financial aid file from the current academic year;
- the student’s financial aid file from the previous academic year;
- the student’s application for enrollment to the institution; and
- information included on the student’s academic transcript for the subject institution and

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institutions the student previously attended.

In reviewing student and institutional records the reviewer must determine if the institution has procedures in place that ensure students who are determined for OHE financial aid program purposes not to be eligible Minnesota residents during the prior academic year retain that status unless they meet one of the conditions set forth in MS 136A.101, Subd. 8. For example, independent students who are originally considered non-state residents cannot become an eligible state resident until the student meets the requirement of, “residing in the state for at least 12 (consecutive) months without being enrolled at a post-secondary educational institution for more than 5 credits in any term.”

In the audit report the reviewer must document the procedures used by the institution to determine the state of residence for each student that participates in any Minnesota financial aid program. (Note that students participating in the Public Safety Officer’s Survivor Grant and SELF programs do not need to be residents of Minnesota.) In the audit report, the reviewer must state the adequacy of those procedures to identify students who are not Minnesota residents according to the requirements of:

- MS 136A.101 Subdivision 8 Resident Student;
- Minnesota Rule 4830.0100 Definitions for Higher Education Programs Subpart 10;
- Minnesota Rule 4830.0100 Definitions for Higher Education Programs Subpart 10a; and
- OHE Financial Aid Manual Common Definitions Section I, Pages 9 to 17, dated July 2014.

If any student who was not a resident of Minnesota according to program requirements received funds from the OHE programs listed above, the review report must include that student’s name, the reason the student was not eligible and the amount of funds received from each of the programs. The reported funds must be repaid to OHE.

Conversely, if during the course of the review the reviewer discovers that a Minnesota resident who was otherwise eligible for grant and/or scholarship funds did not receive all or any of the funds, this must be reported as a finding with the same information about the student.

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ELIGIBLE VETERAN, SURVIVING SPOUSE OR CHILD, OR ELIGIBLE NON-VETERAN

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota GI Bill

2013-14 NOTE: Effective with the 2013-14 year, the Minnesota Department of Veterans Affairs (MDVA) is responsible for certifying the eligibility of veterans and eligible non-veterans for the MN GI Bill. Institutions no longer need to have documentation on file other than being able to show that the MDVA has certified the student. Students documented by the institution prior to 2013-14 should still have documentation on file to prove eligibility.

REFERENCES:

MS 197.791 Veteran Subdivision 1 (h) has the meaning given in section 197.447. Veteran also includes a service member who has received an honorable discharge after leaving each period of federal active duty service and has:

- (1) served 90 days or more of federal active duty in a foreign country during a time of hostilities in that country; or
- (2) been awarded any of the following medals:
 - (i) Armed Forces Expeditionary Medal;
 - (ii) Kosovo Campaign Medal;
 - (iii) Afghanistan Campaign Medal;
 - (iv) Iraq Campaign Medal;
 - (v) Global War on Terrorism Expeditionary Medal; or
 - (vi) any other campaign medal authorized for service after September 11, 2001; or
- (3) received a service-related medical discharge from any period of service in a foreign country during a time of hostilities in that country.

A service member who has fulfilled the requirements for being a veteran under this paragraph but is still serving actively in the United States armed forces is also a veteran for the purposes of this section.

MS 197.791 Subdivision 4(a) A person is eligible for educational assistance under this section if:

- (1) the person is:
 - (i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time;

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(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military, and who has died as a direct result of that military service; only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military at any time and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended.

OHE Financial Aid Manual GI Bill Program Section I, Pages 1 to 6, dated July 2014.

REVIEW REQUIREMENTS:

The reviewer must determine, using available documentation at the institution, if the student, or in the case of a dependent the veteran providing the required service, meets the eligible veteran requirements. See the “2013-14 NOTE” above for documentation requirements.

If any student did not meet program requirements to have received funds from the Minnesota GI Bill Program, the audit report must include that student’s name, the reason the student was not eligible and the amount of funds received from the program. The reported funds must be repaid to OHE.

Conversely, if the reviewer finds an otherwise eligible student who did not receive all or any of the MGIB award, this information must also be noted as a finding and the information reported to OHE.

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PARTICIPANT IS NOT RECEIVING TUITION RECIPROCITY BENEFITS

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION:

Minnesota State Grant
 Postsecondary Child Care Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

Only students attending a campus of the University of Minnesota or the MnSCU System are eligible to participate in a tuition reciprocity program.

REFERENCES:

Minnesota Rule 4830.0100 Definitions for Higher Education Programs Subpart 5 Eligible Student Item C. An eligible student is one who is not receiving tuition reciprocity benefits while attending a Minnesota postsecondary institution.

OHE Financial Aid Manual, Common Definitions Section I, Page 15 dated July 2014.

OHE Audit Guide, Subsection IID—Tuition Reciprocity, June 11, 2015—Reviewers must read and understand this subsection before working further on this attribute.

REVIEW REQUIREMENTS:

A student whose name is on an interstate tuition reciprocity report for the current fiscal year is not eligible to receive funds from any of the above mentioned programs. Those students on the previous fiscal year's report may not be eligible. The reviewer must obtain the 2014-15 reciprocity reports by program in order to create the reciprocity sample in order to review this attribute.

If any student who received, or was eligible to receive, tuition reciprocity benefits received funds from one or more of the Minnesota State Grant, Postsecondary Child Care Grant, State Work Study Program, Minnesota GI Bill, or Minnesota Indian Scholarship Program, the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each of the programs. The reported funds must be repaid to OHE.

If the institution did not retain copies of its tuition reciprocity reports, that information must be reported as an audit finding.

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NO BACCALAUREATE DEGREE

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION:

Minnesota State Grant
Postsecondary Child Care Grant

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

MS 136A.121, State Grants, Subdivision 9, states in part that:

An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree.

Minnesota Rule 4830.0400 Application Dates and Student Eligibility Subpart 5, Renewal Awards Item A.

OHE Financial Aid Manual, State Grant Program, Section I Pages 10-11, dated July 2014.

A student enrolled in an undergraduate program who has not earned a baccalaureate degree is eligible for a Minnesota State Grant. A comparable four-year postsecondary degree earned in another country, but not officially called a "baccalaureate" degree, will be considered a baccalaureate degree for purposes of the State Grant Program.

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

MS 136A.125, Child Care Grants Subdivision 2 Eligible Students, (a)(4). An applicant is eligible if the applicant has not earned a baccalaureate degree.

Minnesota Rule 4830.7100, Definitions, Subpart 5 Item E.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Page 3, dated July 2014.

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REVIEW REQUIREMENTS:

This information is self-reported by the student. Documentation that must be reviewed includes, but is not limited to:

- the student's financial aid file from the current academic year;
- the student's financial aid file from the previous academic year, if in the reviewer's professional judgment it is necessary to review this material; and
- information included on the student's academic transcript for the subject institution and institutions the student previously attended.

Note: In previous years the Public Safety Officer's Survivor Grant was also included in this section. During the 2012 legislative session, a change to the program was made so that the SOS could be used for graduate studies in cases where the survivor met the other conditions of the program but already had or was close to finishing a baccalaureate degree. The change was retroactive to graduate enrollments after June 30, 2011.

If any student with a baccalaureate degree received funds from one or more of the Minnesota State Grant, or Postsecondary Child Care Grant programs, the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each program. The reported funds must be repaid to OHE.

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LESS THAN EIGHT SEMESTERS OF POSTSECONDARY EDUCATION

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

MINNESOTA STATE GRANT
POSTSECONDARY CHILD CARE GRANT

MINNESOTA STATE GRANT

REFERENCES:

MS 136A.121, State Grants, Subdivision 9 Subdivision 2, state respectively that:

An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has been enrolled full-time or the equivalent for eight semesters or the equivalent, excluding courses taken from a Minnesota school or post-secondary institution which is not participating in the state grant program and from which a student transferred no credit.

A student who withdraws from enrollment for active military service or a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility.

Minnesota Rule 4830.0400, Application Dates and Student Eligibility, Subpart 5 Renewal awards Item B.

OHE Financial Aid Manual, State Grant Program Section I, Pages 12 to 22, dated July 2014.

OHE Financial Aid Manual, State Grant Program Section III, Appendix 7, dated July 2014.

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

MS 136A.125, Child Care Grants Subdivision 2, Eligible Students, (a)(4).

An applicant is eligible if the applicant has been enrolled full-time less than eight semesters, or the equivalent.

Minnesota Rule 4830.7100, Definitions, Subpart 5, Item E.

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OHE Financial Aid Manual, Post-Secondary Child Care Grant Program Section I, Pages 3 to 4, dated July 2014.

REVIEW REQUIREMENTS:

The reviewer must determine if students participating in the State Grant and/or Postsecondary Child Care Grant programs have exceeded eight semesters of postsecondary education. If the reviewer believes that a student has exceeded the eight semesters of postsecondary education, the reviewer is required to complete a calculation of the student's previous postsecondary education. Instructions for this calculation are found in the OHE Financial Aid Manual, State Grant Program, Section I, Pages 12 to 22, dated July 2014, and Section III, Appendix 7, dated July 2014.

Documentation that must be reviewed includes, but is not limited to, the student's:

- application for admission to the institution;
- financial aid file, from the current academic year;
- financial aid file, from the previous academic year, if in the reviewer's professional judgment it is necessary to review this material; and
- information included on the student academic transcript for the subject institution and institutions the student previously attended. All academic transcripts must be reviewed.

The reviewer should also review the student's academic transcript from the subject institution to determine if the student has any credits that were transferred from another institution. If there are transfer credits, the reviewer must review the student's academic transcript from the originating institution to determine if the student has exceeded four years of postsecondary education.

If the institution is unable to produce the student's academic transcript from a previous institution the reviewer must include an audit finding to that effect.

In the audit report the reviewer must document the procedures used by the institution to determine the State Grant and/or Postsecondary Child Care Grant program participant did not complete the equivalent of eight semesters of postsecondary education. The reviewer must state the adequacy of those procedures to identify students who have completed the equivalent of eight semesters of postsecondary education.

If any student has been enrolled full-time or the equivalent for more than eight semesters or the equivalent, and received funds from the Minnesota State Grant and/or Postsecondary Child Care Grant program, the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each of the programs. The reported funds must

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be repaid to OHE.

Conversely, if during the same review the reviewer notes an error in the calculation of number of semesters which for an otherwise eligible student resulted in a reduction or total lack of an award, this must also be noted as a finding with the same specific information reported to OHE.

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LESS THAN 10 SEMESTERS OF POSTSECONDARY EDUCATION

PROGRAM SUBJECT TO PARTICIPANT QUALIFICATION

PUBLIC SAFETY OFFICER’S SURVIVOR GRANT

REFERENCES:

MS 299A.45, Education Benefit:

Subdivision 1 (3), states in part: A person is eligible to receive educational benefits under this section if the person has not received benefits for the maximum duration specified in subdivision 4.

Subdivision 4, states that each award must be given for one academic year and is renewable for a maximum of eight semesters or the equivalent. A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility.

Subdivision 2 (d) For the purpose of benefits awarded under this section, “full time” for a graduate program is eight or more credits per term or the equivalent.

Note: The change to allow graduate education under the SOS was made during the 2012 legislative session and was effective retroactively back to July 1, 2011.

OHE Financial Aid Manual, Minnesota Public Safety Officers’ Survivor Grant Program, Section I, Page 4, dated July 2014.

REVIEW REQUIREMENTS:

The reviewer must determine if students have received SOS benefits for terms which are beyond the 10 semester limit of postsecondary education. If the reviewer believes that a student has exceeded 10 semesters of postsecondary education, the reviewer is required to complete a calculation of the student’s previous postsecondary education. Instructions for this calculation are found in the OHE Financial Aid Manual, State Grant Program, Section I, Pages 12 to 22, dated July 2014, and Section III, Appendix 7, dated July 2014.

Documentation that must be reviewed includes, but is not limited to, the student’s:

- application for admission to the institution;
- financial aid file, from the current academic year;

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- financial aid file, from the previous academic year, if in the reviewer's professional judgment it is necessary to review this material; and
- information included on the student academic transcript for the subject institution and institutions the student previously attended. All academic transcripts must be reviewed.

The reviewer should also review the student's academic transcript from the subject institution to determine if the student has any credits that were transferred from another institution. If there are transfer credits, the reviewer must review the student's academic transcript from the originating institution to determine if the student has exceeded 10 semesters of postsecondary education.

If the institution is unable to produce the student's academic transcript from a previous institution the reviewer must include an audit finding to that effect.

In the audit report the reviewer must document the procedures used by the institution to determine the SOS program participant did not complete the equivalent of 10 semesters of postsecondary education. The reviewer must state the adequacy of those procedures to identify students who have completed the equivalent of 10 semesters of postsecondary education.

If any student has been enrolled full-time or the equivalent for more than 10 semesters or the equivalent, and received funds from the SOS program, the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from the program. The reported funds must be repaid to the Minnesota Office of Higher Education.

Conversely, if during the same review the reviewer notes an error in the calculation of number of semesters which for an otherwise eligible student resulted in a reduction or total lack of an award, this must also be noted as a finding with the same specific information reported to OHE.

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**STUDENT IS MAINTAINING SATISFACTORY ACADEMIC PROGRESS
ACCORDING TO THE REQUIREMENTS OF THE FEDERAL TITLE IV/HEA
PROGRAMS**

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
Postsecondary Child Care Grant
State Work Study
SELF (recommended but not required)
Minnesota GI Bill
Minnesota Indian Scholarship Program

REFERENCE:

OHE Financial Aid Manual, Common Definitions Section I, Pages 17 to 21, dated July 2014.

In general, satisfactory academic progress requires a student to complete a program within a specified time frame and maintain a grade point average consistent with requirements. Schools are required to follow the satisfactory academic progress requirements found in state law (Minnesota Statutes 136A.101, Subd. 10) which adopts the satisfactory academic progress requirements used for federal student financial aid programs as defined in the Code of Federal Regulations Title 34, Sections 668.16, 668.32 and 668.34. A school is allowed to adopt stricter standards.

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

MS 136A.121, State Grants, Subdivision 11, states in part that each State Grant is renewable, contingent on continued satisfactory academic progress.

Agency Financial Aid Manual, State Grant Program Section I, Page 36, dated July 2014 states that to be eligible for a State Grant, the student must be making satisfactory academic progress as described in the OHE Financial Aid Manual, Common Definitions Section I, Pages 17 to 21, dated July 2014.

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POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

MS 136A.125 Child Care Grants, Subdivision 2(a) Item 7, states that an applicant is eligible if the applicant “is in good academic standing and making satisfactory progress.”

Minnesota Rule 4830.7100, Definitions, Subpart 5, Eligible Student, Item H which states that a student is eligible if the student is in good academic standing and making satisfactory academic progress, as defined by the institution, according to federal requirements.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I, Page 2, dated July 2014.

STATE WORK STUDY PROGRAM

REFERENCE:

OHE Financial Aid Manual, State Work Study Program Section I, Page 5, dated July 2014.

The student must be making satisfactory academic progress as defined in the ‘Common Definitions’ chapter of this manual.

MINNESOTA GI BILL PROGRAM

REFERENCES:

MS 197.791 Minnesota GI Bill Program, Subdivision 4 (a)(3)(ii), which requires that to be eligible the student receiving educational assistance “is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs.”

OHE Financial Aid Manual GI Bill Program Section I, Page 4, dated July 2014.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCES:

MS 136A.126 Subd. 1 (3) requires that to be eligible the student: “is meeting satisfactory

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academic progress as defined under section 136A.101, subdivision 10.”

OHE Financial Aid Manual, Minnesota Indian Scholarship Program Section I, Page 1, dated July 2014, which requires the student to: Meet Satisfactory Academic Progress (SAP) as defined in the ‘Common Definitions’ chapter of this manual.

REVIEW REQUIREMENTS:

The reviewer must review each student’s academic transcript to determine if that student met the requirements of the institution’s Title IV and Minnesota SAP policy.

If any student who did not meet the standards of the institution’s Title IV SAP policy received a disbursement of funds from one or more of the Minnesota State Grant, Postsecondary Child Care Grant , State Work Study, Minnesota GI Bill, or Minnesota Indian Scholarship Program, then the audit report must include that student’s name, the reason the student was not eligible and the amount of funds received from each of the programs. The reported funds must be repaid to OHE.

The reviewer should also examine the institution’s SAP policy to determine if it meets the current federal and Minnesota requirements. If there are deficiencies in the policy itself, this is considered a finding to be documented in the audit report.

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STUDENT IS MAINTAINING SATISFACTORY ACADEMIC PROGRESS AS DEFINED BY THE INSTITUTION

PROGRAM SUBJECT TO PARTICIPANT QUALIFICATION

SELF

REFERENCES:

Minnesota Rule 4850.0011, Definitions, Subpart 15, Eligible Student, Item C, states that to be eligible a student must be making satisfactory academic progress as defined by the school.

OHE Financial Aid Manual, Student Educational Loan Fund Program, Section I, Page 8, dated August 2013. The partial text of which is:

It is recommended that the school utilize the federal definitions for satisfactory progress which are found in Code of Federal Regulations Title 34, Sections 668.16(e), 668.32, and 668.34.

Note: Some schools which participate in the SELF program do not participate in any other federal or Minnesota aid programs. Therefore, they do not have to comply with the federal standards for satisfactory academic progress. While it is 'recommended' that schools follow the federal standards which are now also the Minnesota standards as of August 1, 2010, some schools as described previously may only have an institutional policy which still must be reviewed and checked in relation to a student's SELF eligibility.

REVIEW REQUIREMENTS:

The reviewer must review each student's academic transcript to determine if that student met the requirements of the institution's SAP policy.

If any student who did not meet the standards of the institution's SAP policy received a disbursement of funds from the SELF program, the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from the program. The reported funds must be repaid to either OHE or to Firstmark, the loan servicer, depending on the individual circumstances.

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PARTICIPANT IS NOT IN DEFAULT ON A STUDENT LOAN

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
Postsecondary Child Care Grant
SELF
Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

MS 136A.121, State Grants, Subdivision 2 Eligibility for Grants, (4). An applicant is eligible to participate in the State Grant Program if that applicant, “is not in default, as defined by the office, of any federal or state student educational loan.”

Minnesota Rule 4830.0100, Definitions for Higher Education Programs, Subpart 5, Item G.

OHE Financial Aid Manual, State Grant Program, Section I Page 24, dated July 2014.

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Rule 4830.7100, Definitions, Subpart 5, Eligible Student, Item J. An eligible student means a student who:

is not in default, as defined under the applicable loan program, of any educational loan, or, if the student is in default, has made satisfactory arrangements to repay the loan with the holder of the note.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I Page 6, dated July 2014.

SELF

REFERENCES:

Minnesota Rule 4850.0011, Definitions, Subpart 15, Eligible Student, Item D. An ‘eligible student’ means a student who ‘is not currently in default, as defined by each specific program, of

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any student educational loan program (Stafford Loan, GSL, FISL, NDSL, Perkins, HPL, HEAL, ALAS/SLS, or other similar federal, state, private, or institutional loan program) at the current or any previous school.

OHE Financial Aid Manual, SELF Loan Program, Section I Page 11, dated August 2013.

In addition to the text from the rule above, this section states: A student loan discharged in bankruptcy is, for purposes of the SELF Loan program, considered to be currently in default. If the student has paid the defaulted loan(s) in full and can provide written documentation from the lender or note holder, then the SELF Loan program may consider the applicant for a loan.

Minnesota Indian Scholarship Program

REFERENCES:

OHE Financial Aid Manual, Minnesota Indian Scholarship Program Section I, Page 2, dated July 2014, which states that to be eligible to receive funds from the Minnesota Indian Scholarship Program the student must not be in default on a federal or state student loan or, if in default, has regained eligibility for federal or state student aid.

REVIEW REQUIREMENTS

This requirement may be self-reported by each student. In addition the institution is expected to verify that the student does not have a default by reviewing other documentation available to the institution. The reviewer must determine if a student is in default of a federal or state loan. Documentation that the reviewer must review includes, but is not limited to;

- the student's Student Aid Report (SAR), or the Institutional Student Information Report (ISIR), and
- any screen prints retained by the institution from checking OHE's on-line system which has SELF defaults listed.

Note: For students participating in the Minnesota State Grant, the Minnesota Office of Higher Education verifies student SELF Loan defaults.

If any student who had a defaulted student loan received a disbursement of funds from the Minnesota State Grant, the Postsecondary Child Care Grant, the SELF Loan, and/or the Minnesota Indian Scholarship Program, then the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each of the programs. The reported funds must be repaid to OHE and/or the SELF Loan servicer, Firstmark, depending on the circumstances.

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PARTICIPANT IS NOT RECEIVING MFIP BENEFITS

PROGRAM SUBJECT TO PARTICIPANT QUALIFICATION

POSTSECONDARY CHILD CARE GRANT

REFERENCES:

MS 136A.125, Child Care Grants Subdivision 2 Eligible Students, (a)(3) states in part that an applicant is eligible for a child care grant if the applicant is not a recipient of assistance from the Minnesota family investment program.

Minnesota Rule 4830.7100, Definitions, Subpart 5, Eligible Student, Item D.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I Pages 5 to 6, dated July 2014.

The student must not be receiving benefits from the Minnesota Family Investment Program (MFIP). Students receiving General Assistance (GA) are eligible for the Postsecondary Child Care Grant Program.

If the student is excluded from receiving MFIP benefits, the student is eligible to receive a Postsecondary Child Care Grant, even if the student's children are the recipients of MFIP benefits.

REVIEW REQUIREMENTS

This requirement is self-reported. The reviewer must review the student's financial aid file and child care grant file, if there is a separate file, to determine if there is any indication that the student received MFIP benefits for all or part of the academic year while participating in the Postsecondary Child Care Grant. If there is information documenting the student's receipt of MFIP benefits the financial aid office must have documentation from the student's county of residence to confirm the amount and dates during which the student received MFIP benefits in order to determine whether and how much CCG funds were to be disbursed to the student.

If any student received MFIP benefits and a disbursement of funds from the Postsecondary Child Care Grant for the same time period, the audit report must include the student's name, the reason the student was not eligible and the amount of funds received from the program. The reported funds must be repaid to OHE.

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PARTICIPANT HAS AN ELIGIBLE DEPENDENT CHILD WITH CHILD CARE EXPENSES

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

POSTSECONDARY CHILD CARE GRANT

REFERENCES:

MS 136A.125, Child Care Grants Subdivision 2 Eligible Students, (a). An applicant is eligible for a child care grant if the applicant (2): has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in MS 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver.

Minnesota Rule 4830.7100, Definitions, Subpart 5, Eligible Student, Item A.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I Pages 4 to 5, dated July 2014.

Note: Foster children never meet the federal requirements for inclusion in household size. Therefore, a student may not apply for a CCG for a foster child.

REVIEW REQUIREMENTS

This requirement is self-reported. Reviewing information in the student's file, the reviewer must determine that the student has correctly reported the number of children that meet the program's requirements on the program application. The reviewer then needs to compare that number against:

1. the number of children reported on the student's most recent tax return, if a copy is in the student's financial aid file, or other institutional records, and
2. the number of children that the student reported on the student's SAR or ISIR.

The audit report must report any student who received a disbursement of funds from the Postsecondary Child Care Grant, and whose award was calculated with an incorrect number of children. The audit report must also report their adjusted Child Care Grant amount and the amount of funds to be repaid to the OHE or any under awards which may have been the result of the incorrect calculation.

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HIGH SCHOOL GRADUATE/GED OR OVER 17 YEARS OF AGE

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

MINNESOTA STATE GRANT

REFERENCES:

MS 136A.121, State Grants, Subdivision 2 Eligibility for Grants, (2) states : An otherwise eligible applicant is eligible if the applicant is a graduate of a secondary school or its equivalent, or is 17 years of age or over.

Minnesota Rule 4830.0400, Application Dates and Student Eligibility, Subpart 4, Eligibility for Initial Grant, Item B.

OHE Financial Aid Manual, Minnesota State Grant Program, Section I Pages 10 and 22-23, dated July 2014, states that an applicant is eligible if the applicant is a graduate of a secondary school/GED recipient or 17 years of age or older by June 30 of the academic year (high school students enrolled in postsecondary courses prior to receiving their high school diploma are not eligible for a State Grant).

If a student received a State Grant payment during the 2014-15 academic year, they must have met at least one of the following requirements:

1. have been a graduate of a secondary school,
2. have obtained a GED, or
3. been 17 years of age by June 30, 2015.

REVIEW REQUIREMENT

The reviewer must review the student's financial aid file for the fiscal year to determine if the student met this requirement.

If any student did not meet this requirement and received a disbursement of Minnesota State Grant funds, then the audit report must include the student's name, the reason the student was not eligible and the amount of funds received from the program. The reported funds must be repaid to OHE.

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PARTICIPANT IS ENROLLED IN A PROGRAM THAT LEADS TO A DEGREE, CERTIFICATE OR DIPLOMA

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 Public Safety Officer's Survivor Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT

REFERENCES:

MS 136A.101, Subdivision 7, "Student" means a person who is enrolled for at least three credits per quarter or semester, or the equivalent, in a program or course of study that applies to a degree, diploma, or certificate.

Minnesota Rule 4830.0400, Application Date and Student Eligibility, Subpart 4, Item C. To be eligible to receive a State Grant a student must be pursuing a program or course of study that applies to a degree, diploma, or certificate.

OHE Financial Aid Manual, Minnesota State Grant Program, Section I Pages 25 to 35, dated July 2014.

POSTSECONDARY CHILD CARE GRANT

REFERENCES:

MS 136A.125, Child Care Grants Subdivision 2(a) Eligible Students (5). An applicant is eligible if the applicant is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate.

Minnesota Rule 4830.7100, Definitions, Subpart 5, Eligible Student, Item F.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Page 4, dated July 2014.

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PUBLIC SAFETY OFFICER’S SURVIVORS GRANT

REFERENCES:

MS 299A.45 Educational Benefit Subdivision 1 Eligibility (2), states that an eligible recipient: is enrolled in an undergraduate degree or certificate program after June 30, 1990, or a graduate degree or certificate program after June 30, 2011, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4.

OHE Financial Aid Manual, Minnesota Public Officer’s Survivor Grant Program, Section I Page 3, dated July 2014.

STATE WORK STUDY PROGRAM

REFERENCES:

MS 136A.233, Work Study Grants, Subdivision 2 Definitions (a) states that: Eligible student means a Minnesota resident enrolled or intending to enroll at least half-time in a degree, diploma or certificate program in a Minnesota postsecondary institution.

OHE Financial Aid Manual, State Work Study Program, Section I Pages 3 to 5, dated July 2014.

SELF

REFERENCES:

Minnesota Rule 4850.0011, Definitions, Subpart 15, Eligible Student, B. An eligible student is a student who: is enrolled at least half-time in a program leading to a certificate, associate, baccalaureate, masters, doctorate, or other professional degree.

OHE Financial Aid Manual, Student Educational Loan Fund Program, Section I Page 7 dated August 2013.

MINNESOTA GI BILL

REFERENCES:

MS 197.791, Subdivision 4(a)(3)(iii), states that the recipient must be enrolled in an education

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program leading to a certificate, diploma or degree at an eligible institution.

OHE Financial Aid Manual, Minnesota GI Bill Program, Section I Page 4, dated July 2014.
MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCES:

MS136A.126, Indian Scholarships, Subdivision 2 Eligible programs states: Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions.

OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I Pages 1 to 2, dated July 2014.

Note: Although neither the statute nor the OHE manual specifically states this condition, it is OHE's position based on the full statute that it was the intention for potential recipients to be in a degree, diploma, or certificate program. This is evidenced by the requirements to file a FAFSA, maintain SAP, and references to undergraduate and graduate programs.

REVIEW REQUIREMENT

The reviewer must verify that course work is applicable towards a degree, diploma or certificate. Acceptable documentation includes, but is not limited to:

- academic transcript;
- fee statement; or
- a letter from the department accepting the student into the department's program.

If any student whose course work was not applicable towards a degree, diploma or certificate received a disbursement from one or more of the Minnesota State Grant, Postsecondary Child Care Grant, Public Safety Officer's Survivor Grant, State Work Study, SELF, or Minnesota Indian Scholarship Program, the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each of the programs. The reported funds must be repaid to OHE or to Firstmark, the loan servicer, depending on the circumstances.

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PARTICIPANT IS IN AN UNDERGRADUATE DEGREE PROGRAM

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
Postsecondary Child Care Grant

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

MS 136A.121, State Grants, Subdivision 9, states in part that an undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study (subject to further caveats).

OHE Financial Aid Manual, Minnesota State Grant Program, Section I Page 11, dated July 2014 states in part that:

A student enrolled in a graduate program who has not yet earned a baccalaureate degree is not eligible for a State Grant, even if some of the student's course work is at the undergraduate level. A student enrolled in an undergraduate program is eligible for a Minnesota State Grant, even if some of the student's courses are at the graduate level. The key to determining eligibility is whether the student is enrolled in an undergraduate (eligible) or graduate (ineligible) program.

POSTSECONDARY CHILD CARE GRANT

REFERENCES:

MS 136A.125, Child Care Grants, Subdivision 2 Eligible Students (a), states in part that an eligible student is a student who (5), is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate.

Minnesota Rule 4830.7100, Definitions, Subpart 5 Eligible student, Item F.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I, Page 3, dated July 2014.

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REVIEW REQUIREMENT

The reviewer must verify that the recipient is enrolled in an undergraduate degree, diploma or certificate program. Acceptable documentation includes, but is not limited to:

- academic transcript;
- fee statement; or
- a letter from the institution indicating the student is enrolled an undergraduate degree, diploma or certificate program.

If any student who was not enrolled in an undergraduate degree, diploma, or certificate program received funds from one or both of the Minnesota State Grant or Postsecondary Child Care Grant programs, then the audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each program. The reported funds must be repaid to OHE.

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PARTICIPANT MUST BE IN A NONSECTARIAN PROGRAM

PROGRAM SUBJECT TO PARTICIPANT QUALIFICATION

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.125 Child Care Grants, Subdivision 2 Eligible Students (a)(5) states that an eligible student is one who is pursuing a nonsectarian program or course of study.

Minnesota Rule 4830.7100 Definitions, Subpart 5F

Minnesota Rule 4830.7100 Definitions, Subpart 6 Nonsectarian program.

‘Nonsectarian program’ means a program of study that is not specifically designed to prepare students to become ministers of religion, to enter some other religious vocation, or to prepare them to teach theological subjects. A nonsectarian program may provide for the scholarly study of religion as a discipline of knowledge in a manner similar to that provided for any other field of study, but must not require its students to take courses that are based on a particular set of religious beliefs, to receive instruction intended to propagate or promote any religious beliefs, to participate in religious activities, to maintain affiliation with a particular church or religious organization, or to attest to any particular religious beliefs.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I Page 4, dated July 2014.

REVIEW REQUIREMENTS

The reviewer must determine that all participants in the Postsecondary Child Care Grant Program were enrolled in nonsectarian programs.

If any student received funds from the Postsecondary Child Care Grant Program and was not enrolled in a nonsectarian program, the audit report must include that student’s name, the reason the student was not eligible and the amount of funds received from the program. The reported funds must be repaid to OHE.

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STUDENT MUST FILE A FASFA

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Minnesota Postsecondary Child Care Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT

REFERENCES:

MS 136A.121 Grants, Subdivision 2 (3) states that an applicant is eligible to be considered for a grant if he/she has met the financial need criteria established in Minnesota Rules.

Minnesota Rules 4830.0400, Subparts 4 and 5 state that one of the criteria to be met to be eligible for an initial grant as well as for renewals is to demonstrate financial need.

The only way to demonstrate financial need is by subtracting the expected family contribution (EFC) from some determined cost of attendance or other budget. The EFC figure is determined by filing a FAFSA.

OHE Financial Aid Manual, Minnesota State Grant Program, Section I, Page 2, dated July 2014 states: The student applies for a State Grant by completing the Free Application for Federal Student Aid (FAFSA)...

MINNESOTA POSTSECONDARY CHILD CARE GRANT

REFERENCES:

MS 136A.125, Subdivision 4(a) Amount and length of grants states that: The amount of a child care grant must be based on the income of the applicant and applicant's spouse, the number in the applicant's family, as defined by the office, and the number of eligible children in the applicant's family.

Minnesota Rules 4830.7100, Subpart 5a. Family income and family size states family income and family size used to determine an award from the state grant program under parts 4830.0200 to 4830.0700.

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OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section 1, Page 1 dated July 2014 states: The student must complete the Free Application for Federal Student Aid (FAFSA) along with the program application.

STATE WORK STUDY PROGRAM

REFERENCES:

MS 136A.233 Work-Study Grants, Subdivision 2 (c) states: “Financial need” means the need for financial assistance in order to attend a postsecondary institution as determined by a postsecondary institution according to guidelines established by the Minnesota Office of Higher Education.

OHE Financial Aid Manual, State Work Study Program, Section I, Pages 11 to12, dated July 2014 states: The State Work Study award amount is derived by subtracting the nine-month Federal Methodology Expected Family Contribution (EFC) and...from the cost of attendance as defined in Title IV...

The only way to obtain the nine-month EFC for a student is for that student to file a FAFSA with the federal processor or provide the FAFSA data to the institution for it to calculate the EFC using the federal methodology.

MINNESOTA GI BILL

REFERENCES:

MS 197.791 Minnesota GI Bill Program, Subdivision 4 (a)(3)(vi), which requires that to be eligible the student receiving educational assistance has completed the Free Application for Federal Student Aid (FAFSA).

OHE Financial Aid Manual, Minnesota GI Bill Program, Section I Page 5, dated July 2014.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCES:

MS 136A.126 Indian Scholarships, Subdivision 1 (2) Student eligibility states: The applicant must have applied for other existing state and federal scholarship and grant programs.

MS 136A.126 Indian Scholarships, Subdivision 4 Award amount (a)(1) states: Each student shall

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be awarded a scholarship based on the federal need analysis. Applicants are encouraged to apply for all other sources of financial aid. The amount of the award must not exceed the applicant's cost of attendance, as defined in subdivision 3, after deducting: the expected family contribution as calculated by the federal need analysis...

OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I, Page 1 dated July 2014 states that one of the eligibility criteria for the applicant is to have completed the FAFSA and applied for other state and federal scholarship and grant programs.

REVIEW REQUIREMENTS

The reviewer must determine that each undergraduate who received funds from one or more of the Minnesota State Grant, Postsecondary Child Care Grant, Minnesota GI Bill, State Work Study, and Minnesota Indian Scholarship Program, has filed a FAFSA for the academic year from which funds were paid.

The audit must report any student who received funds from the previously listed OHE programs who did not file a FAFSA. The audit report must include that student's name, the reason the student was not eligible and the amount of funds received from each program. The reported funds must be repaid to OHE. Conversely, if during the review, the reviewer notes that a student who filed a FAFSA was under awarded or not awarded at all from the programs for which he/she was eligible, this information must also be reported to OHE.

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RECIPIENT MUST NOT BE ELIGIBLE FOR BENEFITS UNDER MS 135A.52

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

MINNESOTA GI BILL

REFERENCES:

MS 197.791 Minnesota GI Bill Program, Subdivision 4 (b) states that: A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

OHE Financial Aid Manual, Minnesota GI Bill Program, Section I Page 6, dated July 2014.

The reference to MS 135A.52 regards the availability of other tuition benefits for senior citizens which supersede the Minnesota GI Bill benefits. Within MS 135A.52 is a reference to MS 135A.51 under which subdivision 2 defines "senior citizen" as a person who has reached 62 years of age before the beginning of term, semester, or quarter, in which a course of study is pursued, or a person receiving a railroad retirement annuity who has reached 60 years of age before the beginning of the term.

REVIEW REQUIREMENTS

The reviewer must determine that each person receiving Minnesota GI Bill funds was not eligible for benefits under section 135A.52.

The audit must report each student who received funds from the Minnesota GI Bill Program who met the definition of senior citizen in MS 135A.51 prior to the start of the term in which the student received Minnesota GI Bill funds. The audit report must include that student's name, the reason the student was not eligible and the amount of funds received from the program. These funds must be repaid to OHE.

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SUBSECTION II B AWARD CALCULATIONS

Attribute/Procedure to Review	Minnesota Financial Aid Programs						
	MSG	CCG	SOS	SWS	SELF	MGIB	MISP
Correct cost of attendance, financial need, budget calculation, loan period, and estimated financial aid is documented for each program	X	X	X	X	X	X	X
Minimum enrollment status (number of credits)	3	6	1	6-U Per Inst- 1/2 Time- G	6-U Per Inst- 1/2 Time- G	1	9-U Per Inst- 1/2 Time- G
Additional audit steps if student received program funds during a fourth quarter or third semester.	X	X	X	X	N/A	X	X
Professional judgment allowed	X	X	N/A	X	N/A	X	X
Completed federal verification, resolved C codes, resolved conflicting information	X	X	N/A	X	X	X	X

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CORRECT COST OF ATTENDANCE, FINANCIAL NEED, AND BUDGET CALCULATION

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 Public Safety Officer's Survivor Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.101, Subdivision 5a

“Assigned family responsibility” means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is 96 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is 86 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is 50 percent of the student contribution.

Minnesota Statute 136A.121, State Grants, Subdivision 2, Eligibility for Grants, (3). An applicant is eligible if the applicant has met the financial need criteria established in Minnesota Rules.

Minnesota Statute 136A.121, State Grants, Subdivision 5, Grant Stipends.

The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

(1) the assigned student responsibility of at least 50 percent of the cost of attending the institution of the applicant's choosing;

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- (2) the assigned family responsibility as defined in section 136A.101; and
- (3) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is \$100 per academic year.

Minnesota Statute 136A.121 State Grants Subdivision 6 Cost of attendance (updated in 2014-15)

OHE Financial Aid Manual, State Grant Program, Section I Pages 44 to 56, dated July 2014.

OHE Financial Aid Manual, State Grant Program, Section III Appendix 8, dated May 2014.

OHE Financial Aid Manual, State Grant Program, Section III. Appendix 9, dated July 2014.
Sample 2014-2015 State Grant Term Award Calculations Using Average Tuition and Fees.

OHE Website (www.ohe.state.mn.us), Campus Financial Aid Administrator Resources/Program Forms, Spreadsheets, & Instructions/State Grant/2014-15 Award Calculation Spreadsheet

Note: There were no changes to the initial State Grant formula during 2014-15 because no additional rationing measures were necessary.

REVIEW REQUIREMENT

The reviewer must determine that the State Grant paid to each student is allowable by the standards of Minnesota Statute 136A.121, State Grants, Subdivision 5 and 6, and OHE's Financial Aid Manual, State Grant Program, Section III, Appendix 8, 2014-15 State Grant Shared Responsibility Term Award Calculation Using Average Tuition and Fees, dated May 2014 in conjunction with the 2014-15 Award Calculation Spreadsheet available on OHE's website.

The audit report must identify any student who received State Grant funds for which they were not eligible, the amount of funds received and the reason the student was not eligible to receive those funds. The reported funds must be repaid to the OHE. Conversely, if the reviewer determines that a student was under awarded State Grant funds, the same information must be reported to OHE.

Note to External Reviewer: An external reviewer may want to contact OHE to discuss obtaining the same specially prepared MSG work papers which OHE reviewers use. These spreadsheets are prepared directly from OHE's MSG database and provide calculations at all enrollment levels.

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POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.125 Child Care Grants, Subdivision 4, Amount and length of grants.
The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse;
- (2) the number in the applicant's family, as defined by the office; and
- (3) the number of eligible children in the applicant's family.

"Eligible Child" means a child who is 12 years of age or younger, or 14 years of age or younger who is disabled as defined in Minnesota Statutes, section 125A.02, and who is receiving or will receive care on a regular basis from a provider of child care services as those terms are defined in Minnesota Statutes, section 119B.011, subdivisions 5 and 19.

Minnesota Rule 4830.7100 Definitions, Subpart 5a. "Family income and family size" means the income and family size used to determine an award from the state grant program under parts (Minnesota Rules) 4830.0200 to 4830.0700.

Minnesota Rule 4830.7300 Student Priority. A student who has received a grant from the program in the immediately preceding academic year and who has had continuing enrollment at that institution since the time that the child care grant was given must be given a child care grant for the next academic year if the student remains eligible and funds are available. A student shall apply for a continuation of funds by the deadline date established by the school or lose priority ranking for the funds over student who did not apply for a continuation of funds by the established deadline and eligible students applying for a child care grant for the first time.

Minnesota Rule 4830.7500, Amount and Term of Grants, Subpart 2b Award disbursements. The academic year award amount must be disbursed by academic term using the following formula:

- A. the academic year amount described in Subpart 2a; (See OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section III, Appendix 3, dated July 2014)
- B. divided by the number of terms in the academic year;
- C. divided by 15; and
- D. multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits.

Payments shall be made each academic term to the student or to the child care provider, as determined by the institution. Institutions may make payments more than once within the

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academic term.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Pages 13 to 25, dated July 2014.

Page states that, the award to the student will be the lesser of:

- the student's actual (reported) child care costs during the term; or
- the maximum annual award per eligible child on the Postsecondary Child Care Grant table divided by three (quarter) or two (semester) and adjusted for enrollment status. (See 'Adjustment to Maximum Award Table for Infant Care.')

The student's total Postsecondary Child Care Grant award may not exceed the student's financial need which is derived by subtracting the EFC and other financial aid and resources (excluding federal veterans' benefits) from the cost of attendance in accordance with packaging guidelines used for federal Title IV campus-based programs. However, the school may add the student's total actual child care costs to the cost of attendance before computing financial need.

Page 15 states:

The maximum rate payable to an eligible provider is \$5.00 per hour for non-center care and \$10.00 per hour for center care, for a maximum of 40 hours per week per eligible child. All day kindergarten, preschool and latch-key programs are considered an eligible child care provider if the student is charged for these services. The \$10.00 maximum would apply. Providers may charge students in advance of services rendered. Child care providers may not charge Postsecondary Child Care Grant recipients a higher rate than private pay clients are charged.

Page 18 states:

The amount shown on the maximum award table for a particular student's income and household size may be increased by 10 percent to compensate for higher infant care costs charged to the student. The institution is granted permission by the Agency (OHE) to make the adjustment if the institution requests this authority on its annual Institutional Request for Participation form (Appendix 1 of the OHE Financial Aid Manual, Postsecondary Child Care Grant Program). The student must document that his/her child care provider charges a higher rate for infant care than is charged for children in other age classifications by having the provider complete the Request

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for Infant Care Adjustment form (Appendix 9 of the OHE Financial Aid Manual, Postsecondary Child Care Grant Program). The term “infant” is defined by the provider up to a maximum age of 18 months.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section III, Appendix 3, dated July 2014 Minnesota Postsecondary Child Care Grant Program Maximum Award Chart 2014-2015.

REVIEW REQUIREMENTS

Using information contained in the student’s financial aid file and other information available at the institution the reviewer must determine that:

- the student’s income and family size was correctly reported on student’s Postsecondary Child Care Grant application, as required by Minnesota Rule 4830.7100 Definitions, Subpart 5a;
- the student only received Postsecondary Child Care Grant funds for eligible children as defined by Minnesota Rule 4830.7100 Definitions, Subpart 2a Eligible Child;
- the student’s Postsecondary Child Care Grant award was correctly determined and prorated based on the requirements of Minnesota Rule 4830.7500; and
- the student’s Postsecondary Child Care Grant award was correctly prioritized.

The reviewer must also determine that the award to the student will be the lesser of:

- the student’s actual (reported) child care costs during the period of award; or
- the maximum award shown on the Postsecondary Child Care Grant table; or
- the student’s financial need which is derived by subtracting the expected family contribution and other financial aid and resources from the cost of attendance in accordance with packaging guidelines for federal campus-based programs. However, the school may add the student’s total actual child care costs to the cost of attendance before computing financial need.

If the student’s award for any child was increased by 10%, the reviewer must determine that:

- the child was under 18 months of age during the period that the award was increased 10%;
- the student documented that his/her child care provider charged a higher rate for infant care than was charged for children in other age classifications by having the provider

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complete the Request for Infant Care Adjustment form (Appendix 9 in OHE's financial aid manual). A copy of this document should be in the student's financial aid file; and

- the institution was granted permission by OHE to make the adjustment if the institution requested this authority on its annual program participation form (Appendix 1 in the OHE's financial aid manual) and keeps a copy that is sufficient documentation. If the institution did not keep a copy of this form, contact OHE for verification.

The audit report must identify any student who received Child Care Grant funds for which they were not eligible, the amount of funds received and the reason the student was not eligible to receive those funds. The reported funds must be repaid to OHE.

Conversely, if the reviewer determines that an otherwise eligible student was under awarded Child Care Grant funds, then that information must also be reported to OHE.

PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

REFERENCES:

Minnesota Statute 299A.45 Education Benefit, Subdivision 2, Award amount

(a) The amount of the award is the lesser of:

- (1) the average tuition and fees charged by the institution; or
- (2) the tuition maximums established by law for the state grant program under section 136A.121. The tuition maximum for graduate study is the maximum established by law for the state grant program for four-year programs.

(b) An award under this subdivision must not affect a recipient's eligibility for a state grant under section 136A.121.

(c) For the purposes of this subdivision, "fees" include only those fees that are mandatory and charged to all students attending the institution.

(d) For the purpose of benefits awarded under this section, "full time" for a graduate program is eight or more credits per term or the equivalent.

OHE Financial Aid Manual, Public Safety Officer's Survivor Grant Program, Section I, Pages 3 to 4, dated July 2014.

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This page states that, “The annual full-time tuition and fee maximums are \$13,000 for students in a four-year degree program and \$5,808 for students in a two-year degree program.”

REVIEW REQUIREMENTS

The reviewer must determine if the Public Safety Officer’s Survivor Grant amount is the lesser of:

- the average tuition and fees charged by the institution; or
- the tuition maximums established by law for the state grant program under section 136A.121.

Also, the recipient’s eligibility for a state grant under section 136A.121, was not affected by the award the recipient received from the Public Safety Officer’s Survivor Grant Program.

The audit report must identify any student who received Public Safety Officer’s Survivor Grant funds for which they were not eligible, the amount of Public Safety Officer’s Survivor Grant funds received and the reason the student was not eligible to receive those funds. The reported funds must be repaid to the OHE. Conversely, if the reviewer determines that a student was under awarded, the same information must be reported to OHE.

STATE WORK STUDY PROGRAM

REFERENCES:

Minnesota Statute 136A.233, Work Study Grants, Subdivision 2, (c) “Financial need” means the need for financial assistance in order to attend a postsecondary institution as determined by a postsecondary institution according to guidelines established by the Minnesota Office of Higher Education.

136A.233, Work Study Grants Subdivision 3 (a) and (b). Work-study payments shall be made to eligible students by postsecondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the postsecondary institution on the basis of student financial need.

(b) In selecting students for participation, priority must be given to students enrolled for at least 12 credits. In each academic year, a student may be awarded work-study payments for one period of nonenrollment or less than half-time enrollment if the student will enroll on at least a half-time basis during the following academic term.

Minnesota Rule 4830.2400 Employment Terms, Amount of Grants, Subpart 2 Amount.

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The maximum a student may earn through a work-study grant is the amount of the student's financial need.

OHE Financial Aid Manual, State Work Study Program Section I, Pages 11 to 12, dated July 2014. Page 12 states that;

There is a \$300 annual overaward tolerance for UNINTENTIONAL overawards. The financial aid administrator cannot include the \$300 tolerance when initially packaging the student's State Work Study award.

REVIEW REQUIREMENT

Using information available in the student's financial aid file and other institutional records, the reviewer must determine that the amount of funding the student received from State Work Study did not exceed the student's cost of attendance less: the Federal EFC; grants, scholarships, need-based loans; portions of non-need-based loans exceeding EFC; and other resources (excluding federal veterans' benefits); earnings from term of non-enrollment (minus allowable work-related expenses).

The audit report must identify any student who received State Work Study funds for which they were not eligible, the amount of funds received and the reason the student was not eligible to receive those funds. Reported funds must be repaid to OHE.

SELF

MAXIMUM EFFORT

REFERENCES:

Minnesota Rule 4850.0011, Definitions, Subpart 26 Maximum effort states in part that: To have used "maximum effort" means that the student has applied for and exhausted all eligibility for other forms of financial aid (except work study and federal student and parent loans). Financial aid administrators must include any financial aid that has been awarded or is expected to be awarded to the student for the loan period.

OHE Financial Aid Manual, Student Educational Loan Fund Program Section I, Page 10, dated August 2013 states that:

Students applying for SELF Loans must demonstrate financial eligibility by meeting the Maximum Effort Test. To meet the Maximum Effort Test the student must complete the FAFSA and the institution must have awarded all available federal, state, institutional, and outside grant aid prior to the student applying for the SELF Loan. Students are not required to apply for other

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loans or work study before applying for SELF. It is up to the school's discretion on how to handle veterans' benefits in determining SELF eligibility.

Included in Appendix 5 is a copy of the Waiver of SELF Maximum Effort Test. This waiver can be utilized if the student has previously applied for financial aid and was found to demonstrate little or no financial need and things have not changed significantly since applying for financial aid. Utilizing the waiver, the borrower can request a SELF Loan without performing the Maximum Effort Test in the current year. This waiver cannot be utilized for first year students who have never applied for financial aid or if parents refuse to provide financial information.

OHE Financial Aid Manual, Student Educational Loan Fund Program Section III, Appendix 5, dated August 2013.

SELF EDUCATIONAL BUDGET AND FINANCIAL NEED

REFERENCES:

Minnesota Rule 4850.0011 Definitions, Subpart 8 Cost of Attendance. "Cost of attendance" includes:

- A. tuition and fees charged for the loan period;
- B. room and board charged for the loan period, or a reasonable allowance as determined by the school, for off-campus living; and
- C. a reasonable allowance as determined by the school for books, supplies, transportation, and personal expenses.

OHE Financial Aid Manual, Student Educational Loan Fund Program Section I, Page 27, dated August 2013.

SELF LOAN LIMITS

REFERENCES:

Minnesota Statute 136A.1701 Supplemental and Additional Loans, Subdivision 4 Terms and conditions of loans.

The office may loan money upon such terms and conditions as the office may prescribe.

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This statute provides that the following loan limits will not be exceeded for the SELF IV program and “all other eligible students” under the SELF V program.

Grade Level	Annual	Cumulative
1	\$7,500	\$7,500
2	\$7,500	\$15,000
3	\$7,500	\$22,500
4	\$7,500	\$30,000
5	\$7,500	\$37,500
Graduate 6-10	\$9,000	\$55,500

The principal amount of a SELF V or subsequent phase loan to students enrolled in a bachelor’s degree program, post baccalaureate, or graduate program must not exceed \$10,000 per grade level. For all other eligible students, the principal amount of the loan must not exceed \$7,500 per grade level. The SELF V phase became active in the late fall of 2010. The following chart reflects the new limits for students who meet the program requirements listed above.

Grade Level	Annual	Cumulative
1	\$10,000	\$10,000
2	\$10,000	\$20,000
3	\$10,000	\$30,000
4	\$10,000	\$40,000
5	\$10,000	\$50,000
Graduate 6-10	\$10,000	\$70,000

Minnesota Rule 4850.0014, Amount and Terms

Subpart 2, Multiple loans at the same grade level

A student may borrow up to the maximum amount twice in the same grade level, as long as:

- A. a total of seven months elapses from the beginning of the first loan period to the beginning of the second loan period;
- B. the cumulative SELF loan debt maximum for that grade level is not exceeded; and
- C. the amount approved is at least \$500.

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OHE Financial Aid Manual, Student Educational Loan Fund Program Section I, Pages 27 to 32, dated August 2013.

Pages 28 to 29 state in part that:

Grade level indicates the relative status of an eligible student in a degree or certificate granting program and usually corresponds to an academic year. Example: an eligible student in the second year of a four-year program would be in grade level 2.

REVIEW REQUIREMENTS

Using information contained in the student's financial aid file, academic transcript and information available to the institution, the reviewer must determine that the institution required the student to complete the maximum effort test and that the student's SELF Loan did not exceed:

- the student's cost of attendance minus other financial aid resources the student received; and/or
- the maximum loan for academic year or cumulative loan amount for grade level as required by MS 136A.1701, Subdivision 4 and Minnesota Rule 4850.0014, Subpart 2.

The audit report must identify any student who did not complete the maximum effort test or properly waive out of the test. Further, the report must identify any student who received SELF Loan payments in excess of the allowable annual loan limits and/or the constraints of the student's cost of attendance less other resources.

The report must specify the name of the student, the amount of any excess SELF Loan funds received, and the reason the student was not eligible. The reported funds must be repaid to OHE or Firstmark, the loan servicer, depending on the circumstances. Further, if the reviewer determines that a borrower was incorrectly prohibited from borrowing the full amount requested, information about this finding must also be reported to OHE.

MINNESOTA GI BILL PROGRAM

REFERENCES:

Cost of Attendance

MS 197.791 Minnesota GI Bill Program, subdivision 1. Definitions (c)

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“Cost of attendance” for undergraduate students has the meaning given in section 136A.121, subdivision 6, multiplied by a factor of 1.2. Cost of attendance for graduate students has the meaning given in section 136A.121, subdivision 6, multiplied by a factor of 1.2, using the tuition and fee maximum established by law for four-year programs. For purposes of calculating the cost of attendance for graduate students, full time is eight credits or more per term or the equivalent.

MS 197.791 Minnesota GI Bill Program, subdivision 5. Benefit amount.

(a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from: (updated for 2014-15). OHE Financial Aid Manual, Minnesota GI Bill Program, Section I Pages 7 to 12, dated July 2014. These pages state that:

The eligible student’s Minnesota GI Bill cost of attendance is defined as:

Undergraduate Student: 1.2 times the Recognized State Grant cost of attendance for the institution. Use the State Grant budget for degree program in which student is enrolled (four-year or less than four-year program). Use number of credits student is enrolled in (1-15) to prorate the student’s budget based on student’s enrollment level.

Graduate Student: 1.2 times the maximum Recognized State Grant cost of attendance for a four-year program. Use the maximum State Grant budget for a four-year student. Use the number of credits student is enrolled in (1-8) to prorate based on student’s enrollment level using eight as the maximum enrollment level and prorated down to one.

Note: Full-time and part-time enrollment levels for graduate students are still defined by the institution.

To determine student’s remaining need, subtract from the MN GI Bill COA the amounts received or will be received in that semester or term from: (see the referenced pages in the aid manual for an updated list of inclusions and exclusions).

Note: The institutional portion of the Yellow Ribbon program is not deducted.

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Note: Do not subtract Minnesota veterans or military benefits including State Tuition Reimbursement from the student's cost of attendance. Federal Veterans Retraining Assistance Program (VRAP) funds should also not be subtracted from the student's cost of attendance.

The remainder is the per term amount of the award within the following guidelines:

A student may not receive more than \$3,000 per state fiscal year and no more than \$10,000 during his/her lifetime.

Undergraduate students taking 12 credits or more for a semester or term, the per-term maximum award is \$1,000 and if taking fewer than 12 credits, the per-term maximum is \$500.

Graduate students considered full time by the institution, the per-term maximum award is \$1,000, if considered part-time by the institution the per-term maximum is \$500. The minimum per term award amount is \$50.

Recalculation of student's Minnesota GI Bill Program Payment:

If student receives or is expected to receive additional Federal Veterans Benefits that were not anticipated in the original calculation, the institution must recalculate the current award as well as any subsequent awards. **Note:** Federal VA benefit monthly award amounts are often updated on October 1 and on January 1 of each year.

- a. Any term award calculated or recalculated prior to the change in the monthly benefit amounts can be awarded based on the previous benefit amounts.
- b. Any award calculated or recalculated after the change in the monthly benefit amounts must be awarded based on the current year (updated) benefit amounts.

The institution does not have to adjust the award of a student who drops or adds courses after the institution's drop/add period unless:

- a. the student receives a form of veteran's benefits not included in the original award calculation; or
- b. the student fully withdraws.

If student fully withdraws, the Office of Higher Education refund calculation must be used to determine the refund to be returned to the state.

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Institutions may, but are not required to, adjust or recalculate the award of a student who does not fully withdraw but adds or drops courses after the add/drop period if the student will be eligible for an increased benefit amount due to the change in enrollment.

The institution must recalculate if EFC changes occur during a term and for all subsequent terms.

REVIEW REQUIREMENTS

The reviewer must determine that all payments to veterans are based on the calculation required by MS 197.791, subdivision 5.

That no veteran received more than

- (1) \$1,000 per semester or term of enrollment;
- (2) \$3,000 per state fiscal year; and
- (3) \$10,000 in a lifetime.

And for part-time students, the amount of educational assistance must not exceed \$500 per semester or term of enrollment.

The audit report must identify any student who received Minnesota GI Bill funds for which they were not eligible, the amount of Minnesota GI Bill funds received and the reason the student was not eligible to receive those funds. The reported funds must be repaid to OHE. Conversely, if the reviewer determines that an otherwise eligible student was under awarded MGIB, then the same information must be reported to OHE.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCES:

MS136A.126, Subd. 1., Student eligibility (5) and (6)

With regards to financial need, if a student is enrolled in an undergraduate program, the student is eligible or would be eligible to receive a Federal Pell Grant or a state grant based on the federal needs analysis and is enrolled for nine semester credits per term or more, or the equivalent.

With regards to financial need, if a student is enrolled in a graduate program, the student must demonstrate a remaining financial need in the award amount calculation and is enrolled, per term, on a half-time basis or more as defined by the postsecondary institution.

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Note: OHE has interpreted the undergraduate requirement to mean that either a Federal Pell Grant or a Minnesota State Grant is part of the student's award. The exceptions to this are in cases where an otherwise eligible student cannot be awarded a Federal Pell Grant or a State Grant due to the fact that student has met or exceeded the lifetime maximum number of terms/units of attendance for one or both of the programs. In these instances, the institution must work directly with OHE staff who can provide an override.

MS 136A.126 Subd. 3 Cost of Attendance

The total cost of attendance shall include tuition and required fees charged by the institution and the campus-based budget used for federal financial aid for food, housing, books, supplies, transportation, and miscellaneous expenses.

Subd. 4. Award amount.

(a) Each student shall be awarded a scholarship based on the federal need analysis. Applicants are encouraged to apply for all other sources of financial aid. The amount of the award must not exceed the applicant's cost of attendance, as defined in subdivision 3, after deducting: (updated for 2014-15).

NOTE: Federal veterans education benefits excluded for the purpose of awarding federal financial aid are also excluded from gift aid in this calculation.

(b) The award shall be paid directly to the postsecondary institution where the student receives federal financial aid.

(c) Awards are limited as follows:

- (1) the maximum award for an undergraduate is \$4,000 per academic year;
- (2) the maximum award for a graduate student is \$6,000 per academic year; and
- (3) the minimum award for all students is \$100 per academic year.

(d) Scholarships may not be given to any Indian student for more than three years of study for a two-year degree, certificate, or diploma program or five years of study for a four-year degree program at the undergraduate level and for more than five years at the graduate level. Students may acquire only one degree per level and one terminal graduate degree. Scholarships may not be given to any student for more than 10 years including five years of undergraduate study and five years of graduate study.

OHE Financial Aid Manual, Minnesota Indian Scholarship Program Section I, Pages 4 to 6, dated July 2014.

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REVIEW REQUIREMENTS:

The reviewer must establish that the institution correctly determined and paid the student the Minnesota Indian Scholarship Program award, that the individual student award did not exceed the student's un-met need or \$4,000 per academic year for an undergraduate student or \$6,000 per academic year for a graduate student, that the minimum award to any student was \$100 per academic year and that each student did not exceed the limitation on Minnesota Indian Scholarship Program awards per academic program.

The review report must include the name of each student who did not meet one or more of these requirements, the reason why the student did not meet one or more requirements and the amount of funds the student received from the program. Reported funds must be repaid to OHE. Conversely, if the reviewer discovers that a student was under awarded, the same information about this finding must be reported to OHE.

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MINIMUM ENROLLMENT STATUS

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 Public Safety Officer's Survivor Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.101 Definitions Subdivision 7 "Student" means a person:

who is enrolled for at least three credits per term, in a program or course of study that applies to a degree, diploma, or certificate. Credit equivalencies assigned by an institution that are applicable to federal Pell Grant calculations shall be counted as part of a student's credit load.

OHE Financial Aid Manual, Minnesota State Grant Program Section I, Pages 25 to 35, dated July 2014.

REVIEW REQUIREMENT

Using information in the student's school account and academic records, the reviewer must determine if the student was enrolled for three or more credits each term on the date the student received funds from the State Grant.

The audit must report any student who was enrolled for less than three credits when he/she received a payment of State Grant funds. In addition it must report the term and the amount of funds received. The reported funds must be repaid to OHE. Conversely, if the reviewer determines the student was under awarded based on enrollment level on the date of disbursement, the same information must be reported to OHE.

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POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.125, Child Care Grants, Subdivision 2, Eligible students (6), which states that an applicant is eligible for a child care grant if the applicant is enrolled at least half-time in an eligible institution.

Minnesota Statute 136A.101, Subdivision 7b. "Half-time" means enrollment in a minimum of six credits per quarter or semester, or the equivalent.

Minnesota Rule 4830.7100, Definitions, Subpart 5, Item G.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I Pages 2 to 3, dated July 2014.

REVIEW REQUIREMENT

Using information in the student's school account and academic records, the reviewer must determine if the student was enrolled for six or more credits each term on the date the student received funds from the Postsecondary Child Care Grant.

The audit must report any student who was enrolled for less than six credits when he/she received a payment of Child Care Grant funds. In addition it must report the term and the amount of funds received. The reported funds must be repaid to OHE. Conversely, if the reviewer determines the student was under awarded based on enrollment level, this information must also be reported to OHE.

PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

While there is no statutory requirement for enrollment level, the student must be enrolled for at least one credit so that the student will have a cost of attendance.

REVIEW REQUIREMENT

Using information in the student's school account and academic records, the reviewer must determine if the student was enrolled for one or more credits each term on the date that the student received funds from the Public Safety Officer's Survivor Grant.

The audit must report any student who was not enrolled for at least one credit when he/she received a payment of Public Safety Officer's Survivor Grant Program funds. In addition it must

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report the term and the amount of funds received. The reported funds must be repaid to OHE. Conversely, if the reviewer finds that a student was under awarded based on enrollment level on the date of disbursement, that information must also be reported to OHE.

STATE WORK STUDY PROGRAM

REFERENCES:

Minnesota Statute 136A.233, Work Study Grants, Subdivision 2(a), “Eligible Student” means a Minnesota resident enrolled or intending to enroll at least half time in a degree, diploma or certificate program in a Minnesota postsecondary institution.

Minnesota Statute 136A.233, Work Study Grants, Subdivision 2(g), “Half-time” for undergraduates has the meaning given in section 136A.101, subdivision 7b, and for graduate students is defined by the institution.

Minnesota Statute 136A.101, Subdivision 7b. “Half-time” means enrollment in a minimum of six credits per quarter or semester, or the equivalent.

OHE Financial Aid Manual, State Work Study Program Section I, Pages 3 to 5, dated July 2014.

REVIEW REQUIREMENT

Using information in the student’s school account and academic records, the reviewer must determine if the student was enrolled on at least a half-time basis while the student earned funds from the State Work Study Program.

If a student reduced enrollment to less than half-time during the time he or she participated in the Work Study Program, they are considered ineligible for continued participation in the Work Study Program as of the date the student’s enrollment was reduced to less than half-time.

The audit must report any student who was enrolled at less than half-time when he/she participated in the State Work Study Program. In addition it must report the term and the amount of funds received after the student became enrolled at less than half-time. The Minnesota share of reported amount must be repaid to OHE.

Note: The reviewer must be aware of the exception that a student may be enrolled at less than half-time for one term per year and still participate in State Work Study if the student is enrolled or has stated in writing that he/she plans to enroll on at least a half-time basis in the following term. Any exceptions of this nature must be documented in the student’s financial aid file and also in the audit report.

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SELF

REFERENCES:

Minnesota Rule 4850.0011, Definitions, Subpart 15, Eligible student, B. An eligible student is one that is enrolled at least half-time in a program leading to a certificate, associate, baccalaureate, masters, doctorate, or other professional degree.

OHE Financial Aid Manual, SELF Loan Program Section I, Page 7, dated August 2013.

REVIEW REQUIREMENT

Using information in the student's school account and academic records, the reviewer must determine if the student was enrolled on at least a half-time basis for each term on the date the student received funds from the SELF Loan Program.

The audit must report any student who was enrolled at less than half-time when he/she received a disbursement from the SELF Loan Program. In addition it must report the term and the amount of funds received. The reported funds must be repaid to OHE or Firstmark, the loan servicer, depending on the circumstances.

MINNESOTA GI BILL PROGRAM

While there is no statutory requirement for enrollment level, the student must be enrolled for at least one credit so the student will have a cost of attendance.

REVIEW REQUIREMENT

Using information in the student's school account and academic records, the reviewer must determine if the student was enrolled for one or more credits each term on the date that the student received funds from the Minnesota GI Bill.

The audit must report any student who was not enrolled for at least one credit when he/she received a payment of Minnesota GI Bill Program funds. In addition it must report the term and the amount of funds received. The reported funds must be repaid to OHE. Conversely, if the reviewer finds that a student was under awarded based on enrollment level on the date of disbursement, that information must also be reported to OHE.

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MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCES:

MS 136A.126 Subd. 1 (5) and (6) which state that a student is eligible:

(5) if enrolled in an undergraduate program, is eligible or would be eligible to receive a federal Pell Grant or a state grant based on the federal needs analysis and is enrolled for nine semester credits per term or more, or the equivalent;

(6) if enrolled in a graduate program, demonstrates a remaining financial need in the award amount calculation and is enrolled, per term, on a half-time basis or more as defined by the postsecondary institution.

OHE Financial Aid Manual, Minnesota Indian Scholarship Program Section I, Page 2, dated July 2014.

Minimum enrollment requirements

Undergraduate students must be enrolled on a three-quarter time basis or more and graduate students must be enrolled at least half time.

REVIEW REQUIREMENT:

The reviewer must determine if any student who received funds from the Minnesota Indian Scholarship Program was enrolled for less than nine semester credits if the student was an undergraduate student or less than half-time if the student was a graduate student. The review report must include that student's name and the amount of funds received from the program. The reported funds must be repaid to OHE. Conversely, if the reviewer determines that an otherwise eligible student was under awarded MISP funds, the same information must be reported to OHE.

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ADDITIONAL AUDIT STEPS IF A STUDENT RECEIVED PROGRAM FUNDS DURING A FOURTH QUARTER OR A THIRD SEMESTER

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.121, State Grants, Subdivision 9a, Full-year grants, states that: Students may receive state grants for four consecutive quarters or three consecutive semesters during the course of a single fiscal year. In calculating a state grant for the fourth quarter or third semester, the office must use the same calculation as it would for any other term, except that the calculation must subtract any federal Pell grant for which a student would be eligible even if the student has exhausted the Pell grant for that fiscal year.

OHE Financial Aid Manual, State Grant Program Section I, Pages 57-58, dated July 2014.

OHE Financial Aid Manual, State Grant Program, Section III, Appendix 8, dated May 2014 to be used in conjunction with the 2014-15 Award Calculation Spreadsheet found under the Campus Financial Aid Administrators Resources section of the OHE's website at www.ohe.state.mn.us.

REVIEW REQUIREMENTS

The reviewer must report any student, and the amount of funds received in excess of the amount allowed, who received:

- more than four consecutive quarters, three consecutive semesters, or a combination of the two, during the course of a single fiscal year. For the 2014-15 academic year this is the period from July 1, 2014 to June 30, 2015;
- State Grant funds from two fiscal years for the same term of enrollment; and/ or
- a State Grant payment for a third semester or fourth quarter that was not properly calculated.

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The reported funds must be repaid to OHE.

In addition the reviewer must report any eligible students who did not receive State Grant funds during their third semester or fourth quarter of enrollment during the 2014-15 academic year. Note that schools cannot require a student to complete an additional application for the purpose of receiving financial aid during a summer term. If the reviewer determines that a student was eligible for an additional term of State Grant and the institution did not award the funds, this is a finding and must be reported to OHE.

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.125, Child Care Grant Program, Subdivision 4b, Additional Grants, state that: An additional child care grant may be awarded to an applicant attending classes outside of the regular academic year who meets the requirements in subdivisions 2 and 4. (Refers to eligible students and eligible income and household size, etc.)

Minnesota Rule 4830.7500, Amount and Term of Grants, Subpart 2c Summer term grant states that: Students attending summer school may receive an additional grant per eligible child up to one-third of the academic year grant described in subpart 2a (of Minnesota Rule 4830.7500) for quarter-based schools, and up to one-half the academic year grant described in subpart 2a for semester-based schools.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Pages 22 to 23, dated July 2014. These pages state in part that:

A student could receive a Postsecondary Child Care Grant for the nine-month academic year and both a leading and trailing summer term provided both summer terms were crossover terms (started before and ended after July 1) and the total dollar amount awarded to the student for all terms did not exceed 150 percent (semester school) or 133 percent (quarter school) of the annual maximum award for the student's income and household size.

If a term is shorter than 10 weeks (quarter) or 15 weeks (semester), it is considered a nonstandard term. However, the award for the non-standard term is calculated in the same manner as the award for standard terms. Although the actual child care costs may be less for a shorter time period, the amount on the maximum award chart is not adjusted.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section III, Appendix 3, Postsecondary Child Care Grant Program Maximum Award Chart 2014-2015, dated July 2014.

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REVIEW REQUIREMENTS

If a student received a Postsecondary Child Care Grant during a summer term the reviewer must determine that:

1. The student was eligible to receive a payment.
2. The payment was calculated according to program requirements.

The reviewer must report any student who received a Child Care Grant payment for a third semester or fourth quarter that was not properly calculated. In addition it must report the term and the amount of funds received in excess of the amount allowed. The reported amount must be repaid to the Minnesota Office of Higher Education. In addition, the reviewer must report to OHE any instances of under awards or lack of awards for an otherwise eligible student.

PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

There is no statutory or rule language which specifically refers to an additional term of eligibility within an academic year. However, the following language is from the OHE Financial Aid Manual, Public Safety Officer's Survivor Grant Program, Section I, Page 3 dated July 2014:

The amount of the award is the lesser of the annual full-time tuition and mandatory fees charged by the institution prorated for term length and enrollment level or the applicable tuition and fee maximum established in law for the State Grant program prorated for term length and enrollment level.

Further, each award is given for one academic year but is renewable for a maximum of eight semesters, 12 quarters, or the equivalent. The student must reapply for a grant each term in order to receive the funds.

REVIEW REQUIREMENTS

The reviewer must check each term in which a student was paid SOS funds to verify that the annual maximum amounts and the maximum number of terms have not been exceeded. If the reviewer notes any instances, then the name of the student, the amount of excess SOS funds, and the term description must be reported to OHE.

STATE WORK STUDY PROGRAM

REFERENCE:

OHE Financial Aid Manual, State Work Study Program Section I, pages 12 to 13 dated July 2014.

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A student may work during a term of non-enrollment (zero credits) or less than half-time enrollment once per aid year if the student signs a statement of intent to enroll as at least a half-time student the next academic term or provides proof of registration for the next academic term. However, students are not allowed to earn State Work Study funds during a leave of absence. The financial aid administrator is expected to take earnings during a term of non-enrollment into consideration when determining State Work Study eligibility for subsequent award periods. However, the financial aid administrator may subtract allowable work related expenses as outlined for the Federal Work Study program when determining the amount of earnings available during the subsequent enrollment period. When the school calculates State Work Study eligibility for the current aid year, the school should subtract any earnings from a term of non-enrollment (minus allowable work-related expenses) as a financial aid or resource in the award calculation. For example, if the student worked during the summer term of non-enrollment, the amount the student earned would be subtracted as a resource in the award calculation for the subsequent aid year.

Note: If a student is enrolled on at least a half-time basis he or she may work during the summer if he or she does not earn an amount in excess of his or her documented need.

REVIEW REQUIREMENTS

For students who participated in the State Work Study program during the summer, the reviewer must determine that the student was enrolled on at least a half-time basis, or met the requirements of the OHE Financial Aid Manual, State Work Study Program, Section I, pages 12 to 13 dated July 2014, and did not earn an amount in excess of his or her documented need.

In addition if the student participated in the State Work Study program during a period of non-enrollment the reviewer must determine if the financial aid officer considered the student's earnings during periods of non-enrollment when determining State Work Study eligibility for subsequent award periods.

The audit must report any student who received State Work Study payments for a third semester or fourth quarter that was not properly awarded. In addition it must report the term and the amount of funds received in excess of the amount allowed. The State share of the reported funds must be repaid to OHE.

MINNESOTA GI BILL PROGRAM

There is no statutory or rule requirement for this criterion. However, the following is listed in the OHE Financial Aid Manual, Minnesota GI Bill Program, Section I, Page13 dated July 2014:

Students may apply for and receive funding up to the maximum annual award amount of \$3,000. Therefore, it is highly likely that some students will be eligible for funding for three full time

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terms.

This section goes on to talk about which fiscal year to pay MGIB funds from in the event of a crossover term.

REVIEW REQUIREMENT

The reviewer must check the eligibility of the MGIB student recipient for each term funds were paid. In addition, the reviewer must verify that the student did not receive more than the annual maximum from any given fiscal year. Finally, if a student recipient was not eligible for some or all of the MGIB funds received, the reviewer must report the student's name, the term(s) in question, and the amount of excess funds to be repaid to OHE. Conversely, if an otherwise eligible student was under awarded MGIB funds, this information must also be reported to OHE.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

There is no statutory or rule requirement for this criterion. However, the OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I, Page 6 dated July 2014 states:

Annual awards are based on a nine-month academic year and divided into semesters or three quarter installments. Upon request by the student or institution, the annual award may be divided into three semester or four quarterly installments for students enrolled for a 12-month period. Summer awards can also be made in cases where the student is not enrolled for all terms of the standard academic year and they have not yet been awarded the annual maximum.

REVIEW REQUIREMENT

The reviewer must check the eligibility of the MISP student recipient for each term funds were paid. In addition, the reviewer must verify that the student did not receive more than the annual maximum from any given fiscal year. Finally, if a student recipient was not eligible for some or all of the MISP funds received, the reviewer must report the student's name, the term(s) in question, and the amount of excess funds to be repaid to OHE. Conversely, if an otherwise eligible student was under awarded MISP funds, this information must also be reported to OHE.

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USE OF PROFESSIONAL JUDGMENT ALLOWED

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

REFERENCES:

Minnesota Statute 136A.1312 Financial Aid Administrator Professional Judgment

Nothing in this chapter or in the office's rules shall be interpreted as limiting the ability of student financial aid administrators, on the basis of adequate documentation, to make necessary adjustments to the cost of attendance and expected family contribution computations to allow for treatment of individual students with special circumstances, with the exception of the cost of attendance defined under section 136A.121, subdivision 6. In addition, nothing in this chapter or in the office's rules shall be interpreted as limiting the ability of the student financial aid administrator to use supplementary information about the financial status of eligible applicants with special circumstances in selecting recipients of state financial aid and determining the amount of awards. Nothing in this section precludes a financial aid administrator from establishing an appeals process for other extenuating circumstances.

OHE Financial Aid Manual, Common Definitions Section I, Page 8, dated July 2014, defines "Professional Judgment" as:

A procedure introduced under federal Title IV aid programs whereby the financial aid director is given the authority to make adjustments to the student's financial aid application based on unusual circumstances. Examples of unusual circumstances include, but are not limited to: death of a wage earner; divorce; unemployment; unusual medical expenses; unusually high child care costs; parents enrolled in college; or other changes in a family's income, assets, or a student's status. Professional judgment may also be used for a dependency override, whereby the aid administrator changes a student's dependency status from dependent to independent based on documentation of unusual circumstances.

The aid administrator may not extend adjustments to a broad class of students, but must review each student's situation on a case-by-case basis. All adjustments must be documented in the student's file. Any adjustments to the EFC must be based on changing data elements (i.e., income, assets, etc.) used in the need analysis formula as opposed to making a bottom line

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change to the EFC itself. With the exception of the State Grant budget, the aid administrator is also allowed to adjust the student's cost of attendance based on unusual circumstances. OHE Financial Aid Manual, State Grant Program, Section I Page 4, dated July 2014.

Note: Although specific language allowing for professional judgment does not appear in each and every program section of the OHE Financial Aid Manual, a financial aid administrator may use professional judgment to alter data elements which would change the EFC outcome for an individual student which would then flow through to most of OHE's programs. For example, a financial aid administrator may perform a professional judgment which moves an otherwise eligible student's EFC from outside of Federal Pell Grant range into range which would then qualify that student for the MISP.

REVIEW REQUIREMENTS

The reviewer must determine that when the institution used professional judgment that:

- the reason for any professional judgment is adequately documented and only data elements used in the need analysis formula or federal cost of attendance were changed.
- there was no bottom line adjustment to the EFC.
- professional judgment was not used to change a student's residency status.

If the reviewer notes any issues with professional judgment, the reviewer must report the student's name, term(s) impacted, and the amount of funds by program which need to be repaid to OHE. Conversely, if the reviewer notes that a student was under awarded after the professional judgment, this information must also be reported to OHE. An example of this would be a reduction in the EFC such that a student would now qualify for Minnesota State Grant but the institution did not award the MSG.

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FEDERAL VERIFICATION,C CODES,CONFLICTING INFORMATION

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT

REFERENCE:

OHE Financial Aid Manual, State Grant Program Section I, page 84, dated July 2014.

Before disbursing the State Grant award, the school is responsible for verifying the data on the student's application when selected by the federal government using the verification criteria procedures and tolerances established by the U.S. Department of Education for federal student aid programs. This requirement also applies to schools that do not participate in federal aid programs.

If the student's application was not selected for verification until after the State Grant was disbursed, all future disbursements must be held until verification is performed. If verification corrections result in a reduced award, the school must bill the student for the overpayment and return the overpayment to its State Grant account. If a student fails to produce the required verification documentation, the student should be billed for the entire amount previously disbursed.

POSTSECONDARY CHILD CARE GRANT

REFERENCE:

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I, Pages 7-8 and 11 dated July 2014.

Prior to awarding the student, schools are responsible for resolving all conflicting information on the student's application. Institutions are required to make financial changes to the FAFSA or the student's CCG application if the change will have an impact on the student's award.

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If a student's application is selected for federal verification by the FAFSA processor, the institution is responsible for verifying the accuracy of data provided on the student's application using procedures and tolerances established for federal Title IV financial aid programs, even if the institution does not participate in those programs.

STATE WORK STUDY PROGRAM

REFERENCE:

There is no statutory, rule, or other specific guidance for this criterion for this program. However, since financial need is a major eligibility component of the State Work Study program, it is crucial that any student selected for federal verification have it completed.

Note: OHE follows many of the same rules for State Work Study as those in place for Federal Work Study. OHE will begin checking to determine that students selected for federal verification and who have been awarded State Work Study have completed that process within 60 days after the start of the term. As with Federal Work Study, students may work for up to 60 calendar days and receive interim disbursements while verification is not yet complete. After the 60 days, the student may only continue to work if funded by the institution.

SELF

REFERENCE

There is an implied reference for this program. If a student must complete a FAFSA in order to meet the Maximum Effort Test for the SELF program, then verification must be completed. A SELF loan cannot be certified until all gift aid is determined and the results of verification could impact the amount of gift aid a student is eligible to receive.

MINNESOTA GI BILL

REFERENCE:

OHE Financial Aid Manual, Minnesota GI Bill Program, Section I, Page 7 dated July 2014

Application Process 1. d. iii

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCE:

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OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I, Pages 2 to 3, dated July 2014

Application Process 2 b. iii

Institutions ***should not*** submit a School Budget Sheet if a student has not completed the financial aid process at their institution, which includes students who have not submitted a FAFSA or have outstanding verification or conflicting information documentation to submit.

REVIEW REQUIREMENT

The reviewer must document the following verification related items:

State Grant was not disbursed until after verification was completed (with the exception of an ISIR being initially selected for verification after a disbursement was made).

Child Care Grant was not awarded until all conflicting information and verification was resolved and completed.

State Work Study recipients were only allowed to work for 60 consecutive calendar days after the start of the first term if verification was not completed before the end of that period. For 2012-13, this was considered a comment on the audit report. For reviews of 2013-14 and beyond, this will be a finding.

SELF loans were not certified by the institution until federal verification was completed and all gift aid was awarded.

Minnesota GI Bill funds were neither awarded nor disbursed until federal verification was completed.

Minnesota Indian Scholarship Program funds were neither awarded nor disbursed until federal verification was completed.

The reviewer must also review the verification documents and process to determine that verification was completed properly.

If the reviewer detects any verification issues, the reviewer must report the student's name, the issue, the OHE programs impacted, and the amount of either excess funds to be repaid to OHE or under awards which should have been disbursed to the student.

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SUBSECTION II C

DISBURSEMENTS, REFUNDS AND RETURNS, AND OTHER COMPLIANCE

Attribute/Procedure to Review	Minnesota Financial Aid Programs						
	MSG	CCG	SOS	SWS	SELF	MGIB	MISP
Student meets application deadline	X	X	X	N/A	X	X	N/A
Funds disbursed to students from correct state fiscal year	X	X	X	X	N/A	X	X
Program funds are disbursed to students who meet the program's enrollment requirements	X	X	X	N/A	X	X	X
Disbursement of program funds to the students by institutional check	X	X	X	X	X	X	X
Disbursement of program funds to the students by EFT	X	X	X	X	X	X	X
Refunds and repayments to OHE/Firstmark	X	X	X	N/A	X	X	X
Fiscal year-end report completed accurately and received by OHE by due date	X	X	N/A	X	N/A	OHE ASKS	OHE ASKS
Record retention	X	X	X	X	X	X	X
No fees charged to participants	X	X	X	X	X	X	X
Employed by eligible employer	N/A	N/A	N/A	X	N/A	N/A	N/A

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STUDENT MEETS APPLICATION DEADLINE

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 SELF
 Minnesota GI Bill

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

Minnesota Statute 136A.121, Subdivision 13 Deadline, states that the deadline for the office to accept applications for state grants for a term is 30 days after the start of that term."

OHE Financial Aid Manual, State Grant Program Section I, Pages 5 to 7, dated July 2014. Page 5 states in part that:

In order to receive a State Grant award for a term, the student's original FAFSA must be received by the federal central processing system (CPS) no later than the 30th calendar day of the term.

REVIEW REQUIREMENTS

The reviewer must determine that the student's FAFSA was received by the CPS no later than the 30th calendar day of the term.

The report must identify any student who received State Grant funds for a term that started more than 30 calendar days prior to the date the student's FAFSA was received by the CPS, and the amounts received in violation of this requirement. The reported funds must be repaid to OHE.

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POSTSECONDARY CHILD CARE GRANT

REFERENCES:

MN Rules 4830.7300 Student Priority

A student who has received a grant from the program in the immediately preceding academic year and who has had continuing enrollment at that institution since the time that the child care grant was given must be given a child care grant for the next academic year if the student remains eligible and funds are available. A student shall apply for a continuation of funds by the deadline date established by the school or lose priority ranking for the funds over students who did not apply for a continuation of funds by the established deadline and eligible students applying for a child care grant for the first time.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section I, Page 9 dated July 2014.

The school must establish a deadline date by which applications for initial and renewal awards must be received to be considered in the initial prioritization of applications. Applications filed after those deadlines may be accepted until the deadline for submission of the End of Year Report (first working date after August 9). For the 2014-15 year, the final deadline is/was August 10, 2015.

REVIEW REQUIREMENTS

The reviewer must obtain the institution's written priority policy which would include the initial deadlines. The reviewer should verify if any students in the CCG sample were in the initial deadline batch and determine if the students were awarded properly. In some cases, the institution will have more than enough CCG funding to fully award all applicants, but it still must have a written prioritization policy to provide to the reviewer.

Any instances of an institution not having a priority policy must be reported to OHE. Any other issues related to proper awarding of CCG funds based on the deadline issue must also be reported including the student's name, the term in question, and the amount of any funds which either need to be returned to OHE or were considered an under award.

PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

REFERENCE:

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OHE Financial Aid Manual, Public Safety Officer's Survivor Grant, Section I, Page 4 dated July 2014

A student's application must be received by the Agency (OHE) no later than the last day of classes for the academic year for which grant funds are being requested.

REVIEW REQUIREMENTS

While this should be handled by OHE Financial Aid Division staff before an award is ever authorized, the reviewer may wish to check with the appropriate OHE staff if there is a concern about a late disbursement occurring after the end of the academic year.

SELF

REFERENCE:

OHE Financial Aid Manual, SELF Loan Program, Section I, Page 2 dated August 2013

Schools may certify SELF Loans after the end of the loan period. However, in order to ensure compliance with the SELF Rules requiring that the student receive the funds within 45 calendar days from the end of the loan period, deadlines have been established for the acceptance of applications. Applications will be accepted through the last day of the loan period without restrictions. If an application is received after the last day of the loan period and the application is incomplete or the co-signer is not credit-worthy, the application will be denied.

REVIEW REQUIREMENTS

This issue should not arise within a review as it is controlled by OHE SELF Loan staff. The information is provided here for the reviewer's understanding should an issue arise when discussing a late disbursement with a school.

MINNESOTA GI BILL

REFERENCES:

Minnesota Statute 197.791, Subdivision 4(a)(3)(iv) requires that the person receiving the educational assistance has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested.

OHE Financial Aid Manual, Minnesota GI Bill Program Section I, Pages 5-6, dated July 2014,

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states in part that the eligible student may receive funds from the Minnesota GI Bill if he or she has applied prior to the last date of the term as stated in the institution's catalogs. The application does not have to be complete, just submitted before the end of the term.

REVIEW REQUIREMENTS

The reviewer must determine that the student's application was received by the institution prior to the end of the academic term for which the assistance was being requested.

The report must identify any student and the amount of funds received if the student received Minnesota GI Bill funds for a term that ended prior to the date when the application was received by the school. Reported funds must be repaid to OHE.

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FUNDS DISBURSED TO THE STUDENT FROM CORRECT STATE FISCAL YEAR

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCE:

Minnesota Rule 4830.0700, Subp.2 Refunds, states in part that a grant is awarded for full-time attendance at a specified school for up to four quarters or three semesters within the state fiscal year.

OHE Financial Aid Manual, State Grant Program Section I, Pages 59 to 60, dated July 2014, states that:

If a term or payment period does not overlap two aid years, it must be paid from the aid year in which it occurs.

When a crossover term overlaps two aid years (begins before and ends after July 1), funding may come from either aid year. The institution may decide from which aid year to draw funds on a student-by-student basis. However, because the student's State Grant is based on the student's EFC and Pell Grant award, the same aid year must be selected for both the State Grant and Pell Grant. Once the aid year is selected, the need analysis, laws, rules and policies in place for that aid year must be applied.

For non term-based schools that link sequential course modules together to form a term, if such a term overlaps a fiscal year, it is considered a crossover term and is subject to policies for crossover terms.

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POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Rule 4830.7400, Subpart 6

Funds may be used only during the fiscal year of disbursement.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Pages 22 to 23, dated July 2014, which refers to OHE Financial Aid Manual, State Grant Program, Section I, pages 59 to 60, dated July 2014.

The reviewer should refer to the Minnesota State Grant Program entry which appears on the preceding page.

MINNESOTA PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

REFERENCES:

Minnesota Rule 4830.8030, Subpart 4

A grant is made for a student's attendance at a specific institution for the state fiscal year.

OHE Financial Aid Manual, Minnesota Public Safety Officer's Survivor Grant Program, Section I, pages 5 to 6, dated July 2014, states that,

Awards must be disbursed in a manner consistent with the requirements provided in the 'Disbursement Process' section of the 'State Grant' chapter of this manual.

STATE WORK STUDY PROGRAM

REFERENCE:

Minnesota Rule 4830.2200, Application and Distribution of Funds for Grants, Subpart 4, Accountability, states in part that funds may be used only during the fiscal year of disbursement.

The student must be paid using funds from the fiscal year during which the work was performed.

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MINNESOTA GI BILL PROGRAM

REFERENCE:

Agency Financial Aid Manual, Minnesota GI Bill Program, Section I Page 13, dated July 2014.
Summer or Crossover Terms (updated for 2014-15)

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCE:

OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I, Pages 6 to 8
dated July 2014

All related disbursement guidelines used for the State Grant program apply to the Minnesota Indian Scholarship Program...

REVIEW REQUIREMENTS

The reviewer must determine that all disbursements of MSG, CCG, SOS, SWS, MGIB, and MISP to students are from the correct fiscal year.

The reviewer must determine that the student did not receive any funding from the above listed programs from two fiscal years for the same term of enrollment.

The report must identify any student who received funds from one or more of the above listed programs from an incorrect fiscal year or a payment from two fiscal years for the same term of enrollment, and the amounts received in violation of this requirement which need to be repaid to OHE. Conversely, if the reviewer determines that a student was under awarded due to a fiscal year awarding error, then that information must also be reported to OHE.

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PROGRAM FUNDS ARE DISBURSED TO STUDENTS WHO MEET THE PROGRAM'S ENROLLMENT REQUIREMENTS

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

OHE Financial Aid Manual, State Grant Program Section I, Pages 75 to 81, dated July 2014.
 These pages state in part that:

An institution may not make a payment to a student for a payment period or term until the student has registered for classes.

The institution will return to the State Grant program any funds paid to a student who fails to attend any classes or before the first day of classes:

- officially or unofficially withdraws; or
- is expelled

Documentation must exist regarding the date of disbursement of the State Grant payment. The disbursement date is the date that the Agency (OHE) requires the institution to determine the student's enrollment level prior to determining the amount of State Grant funds to be disbursed to the student. The Agency (OHE) and/or the institution's independent public auditors will use the disbursement date to verify the enrollment level of State Grant program participants.

The disbursement date of all State Grant funds to a student made prior to the start of the enrollment period will be the first day of required class attendance.

The disbursement date of all State Grant funds disbursed to a student after the start of the enrollment period will be:

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- for State Grant funds paid to a student account, the date the funds are disbursed to the student's account or applied to tuition charges;
- for State Grant funds that are mailed to the student or transferred by EFT, the date of the check or EFT transaction unless the institution elects to use the previous day as the disbursement date for all students paid using this method; or
- for State Grant funds that are disbursed directly to the student via check, the date the student picks up the check.

The State Grant disbursed to a student must be based on the student's enrollment status as of the date of disbursement.

A student is eligible to receive retroactive payment for a past term, even if the student is not currently enrolled in a subsequent term, provided the student currently meets all of the program eligibility requirements as of the date of disbursement. If payment is for a term that has already been completed, the disbursement must be based on the student's enrollment status as of the end of the term.

REVIEW REQUIREMENTS

The reviewer must determine that:

- Disbursements of Minnesota State Grant funds were made according to the provisions of the OHE Financial Aid Manual, State Grant Program, Section I Pages 75 to 81 dated July 2014;
- The institution disbursed State Grant funds to a student based on the student's enrollment status as of the date of disbursement; and
- The institution returned to the State Grant Program any funds paid to a student who failed to attend any classes or, before the first day of classes;
 - officially or unofficially withdraws, or
 - is expelled

The report must identify any student who received State Grant funds in violation of these requirements, the term in which the issue occurred, and the amount received which must be repaid to OHE.

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POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCE:

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Pages 25 to 29, dated July 2013. These pages outline provisions similar to those listed in the OHE Financial Aid Manual, State Grant Program, Section I, Pages 75 to 81, dated July 2014.

REVIEW REQUIREMENTS

These are the same as the requirements for the Minnesota State Grant Program.

MINNESOTA PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

REFERENCE:

OHE Financial Aid Manual, Minnesota Public Safety Officer's Survivor Grant Program, Section I, Pages 5 to 6, dated July 2014, states that awards must be disbursed in a manner consistent with the requirements provided in the 'Disbursement Process' section of the 'State Grant' chapter of this manual.

REVIEW REQUIREMENT

These are the same as the requirements for the Minnesota State Grant Program.

SELF

REFERENCES:

Minnesota Rule 4850.0015, Loan Disbursements Subparts 2, 3 and 4.

OHE Financial Aid Manual, Student Educational Loan Fund Program Section I, Pages 18 to 26, dated August 2013 state in part that:

Disbursement When Funds Arrive Before the Loan Period

SELF Loan funds cannot be requested earlier than 10 days before the start of the loan period. If the school disburses funds directly to the student before the start of the loan period and the

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student officially withdraws before the start of the loan period, the school will be responsible for returning the entire SELF disbursement to the Servicer within 30 days.

Disbursement When Funds Arrive During the Loan Period

When SELF Loan funds arrive during the loan period, the school must verify the student's enrollment and satisfactory academic progress; endorse the check along with the student, if a check is used, and subtract from the proceeds the amount owed the school for the payment period; and make arrangements with the student for the use of any remaining funds.

Disbursement When Funds Arrive After the Loan Period

When SELF Loan funds arrive after the loan period, the school must verify that the student was enrolled at least half-time and making satisfactory academic progress. The funds must be disbursed within 45 days from the end of the loan period.

No matter when the institution disburses the Student Educational Loan Fund Program funds to the student, the institution must verify the student's enrollment, minimum enrollment of six credits for undergraduate programs and at least half-time as defined by the institution for graduate programs, and satisfactory progress.

REVIEW REQUIREMENT

The reviewer must determine if all disbursements of SELF Loans were made according to the provisions of the OHE Financial Aid Manual, SELF Loan Program, Section I, Pages 18 to 26, dated August 2013.

The report must identify any student who received SELF Loan funds in violation of these requirements, the term(s) in which the issue occurred, and the amount received which must be returned to either OHE or Firstmark.

MINNESOTA GI BILL PROGRAM

REFERENCE:

OHE Financial Aid Manual, Minnesota GI Bill Program, Section I, Pages 14 to 15, dated July 2014.

These are the same as the requirements for the Minnesota State Grant Program.

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REVIEW REQUIREMENT

These are the same as the requirements for the Minnesota State Grant Program.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCE:

OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I, Pages 6 to 8 dated July 2014

Institutions are notified when pending awards are available to view and confirm online. Funds are transferred to the institution via EFT. Institution may not make a payment to a student for a payment period or term until the student is enrolled (registered) for classes for that period. Institutions must return to the program (OHE) any funds paid to a student who fails to attend any classes, or who before the first day of classes officially or unofficially withdraws or is expelled.

Disbursements must be based on the student's status as of the date of disbursement or the add/drop date as stated in the institution's catalog, whichever is later. If a student has withdrawn or dropped below three-quarter time for undergraduate students or half time for graduate students or fails to meet another program eligibility requirement prior to disbursement, the student may not receive funding for that term.

All related disbursement guidelines used for the State Grant program apply to the Minnesota Indian Scholarship Program.

REVIEW REQUIREMENT

The reviewer must verify that recipients of MISP funds met the stated eligibility requirements from the OHE Financial Aid Manual as stated above. If the reviewer determines that a student received an MISP disbursement in violation of the above requirements, the reviewer must report the name of the student, the reason for the ineligibility, the term in which the issue occurred, and the amount to be repaid to OHE. Conversely, if the reviewer determines that an MISP recipient was under awarded, that information must also be reported to OHE.

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DISBURSEMENT OF PROGRAM FUNDS TO THE STUDENT BY INSTITUTIONAL CHECK

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

The responsibilities of the institution for the disbursement of program funds by institutional check are the same for each program.

REFERENCE:

These requirements are summarized in the OHE Financial Aid Manual, State Grant Program Section I, Pages 78 to 79, dated July 2014.

If the school disburses funds directly to the student by check, then the institutional representative who hands the check to the student should request proper identification (preferable a picture ID). Once the check has been signed and cashed, the Agency (OHE) will not refund or replace it.

The institution may exercise the option of mailing the check to the student. The institution must maintain a record that documents for each student included in each transaction the:

- student's name,
- source and amount of state and other financial aid funds included in the payment to the student,
- number of the institutional check, and
- the date that the check was mailed to the student if different from the date of the check.

The institution is liable for all funds that are lost. The institution will have to reimburse either the student, the Agency (OHE) or both for any lost State Grant funds.

REVIEW REQUIREMENT

The reviewer must determine that the disbursement of OHE program funds to students by institutional checks is documented as required. Any exceptions must be reported to OHE.

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DISBURSEMENT OF PROGRAM FUNDS TO STUDENTS BY ELECTRONIC FUNDS TRANSFER (EFT)

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

The responsibilities of the institution for the disbursement of program funds by EFT are the same for each program.

REFERENCE:

These requirements are summarized in the OHE Financial Aid Manual, State Grant Program Section I, Page 80, dated July 2014.

If the institution chooses to disburse State Grant funds to the student by initiating an EFT to the bank account designated by the student, the institution must obtain authorization from the student to disburse by that method.

Each State Grant aid award must be based on the student's enrollment level as of the date the funds are electronically transferred to the student. The following standards apply to EFTs:

- The date of the EFT transaction must be documented. This will be considered the date of disbursement unless the institution elects to take the following option.
- At the institution's option, the date of disbursement may be one business day prior to the date of the EFT transaction.

For each EFT transaction, the institution must maintain a dated record that documents for each student included in the transaction the:

- student's name,
- source and amount of state and other financial aid funds included in the EFT;
- the amount of the EFT,

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- student's bank account number, and
- name of the bank into which the funds were deposited.

The institution is liable for all funds that are lost. The institution will have to reimburse either the student, the Agency (OHE) or both for any lost state financial aid funds.

REVIEW REQUIREMENT

The reviewer must determine that the disbursement of OHE program funds to students by EFT is documented as required. Any exceptions must be reported to OHE.

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REFUNDS AND REPAYMENTS TO OHE/FIRSTMARK

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

OHE Financial Aid Manual, State Grant Program Section I, Pages 96 to 110, dated July 2014.

OHE Financial Aid Manual, State Grant Program, Section III, Appendices 13a, 13b, and 13c dated July 2014.

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Pages 32 to 33 dated July 2014.

MINNESOTA PUBLIC SAFETY OFFICER'S SURVIVOR GRANT PROGRAM

REFERENCES:

Minnesota Rule 4830.8030, Institutional Request and Disbursement of Funds for Grants, Subp. 4, Refunds.

OHE Financial Aid Manual, Minnesota Public Safety Officer's Survivor Grant Program Section I, Page 4, dated July 2014.

SELF

REFERENCES:

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OHE Financial Aid Manual, Student Educational Loan Fund Program Section I, Page 42 dated August 2013—EXCEPTION—Item 5. Backdated Withdrawal Date was repealed and is not to be considered.

OHE Financial Aid Manual, State Grant Program, Section III, Appendices 13a, 13b, and 13c dated July 2014.

MINNESOTA GI BILL PROGRAM

REFERENCES:

OHE Financial Aid Manual, Minnesota GI Bill Program Section I, Page 15 dated July 2014

If the student fully withdraws, the Office of Higher Education refund calculation must be used to determine the refund amount and can be returned to the allocation available at the institution for other eligible students.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCES:

OHE Financial Aid Manual, Minnesota Indian Scholarship Program Section I, Pages 8 to 9 dated July 2014 in part states:

1. If a recipient fails to enroll or meet a program eligibility requirement, the entire scholarship must be returned to OHE within 30 days of the receipt of funds at the institution or when the recipient's ineligibility is determined, whichever is later.
2. Institutions are required to review and update the School Budget Sheet throughout the award year for all recipients and, within 30 days of any changes, make any necessary refunds or contact OHE to determine if funds from one term can transferred to another term or if a refund is necessary.
3. Institutions may retain funds for more than 30 days if the institution has proof that they have contacted the student and that the student will start the applicable term at a later date but must inform OHE if this occurs.
4. If a recipient withdraws or reduces enrollment below three-quarter time for undergraduate students or half-time for graduate students:

before the disbursement and before the end of the drop/add period, then the entire scholarship must be returned to the OHE;

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after the disbursement but before the end of the drop/add period, then the entire scholarship must be returned to OHE;

after the disbursement and after the end of the drop/add period; no refund is required unless student fully withdraws.

If the student fully withdraws after disbursement of the funds, the Office of Higher Education refund calculation must be used to determine the refund to be returned to the OHE.

If a student withdraws from a modular or non-term program based credit hour program, the point of withdrawal will determine when and if a refund must be made.

If student begins a term and the institution expects the student to be enrolled at least three-quarter time for undergraduates or half time for graduates, the school can disburse the MISP to the student account.

If student withdraws before beginning the ninth credit to be considered three-quarter time for undergraduates or before being enrolled half time for graduates, the entire MISP must be returned to OHE within 30 days.

Once student is considered three-quarter time for undergraduates or half time for graduates, the entire MISP may be retained unless the student fully withdraws.

If student fully withdraws after disbursement and after having begun the ninth credit for undergraduates or after being considered half time for graduates, the OHE refund calculation must be used to determine the refund to be returned to OHE.

OHE Financial Aid Manual, Minnesota State Grant Program Section III, Appendices 13a, 13b, and 13c dated July 2014.

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CALCULATION OF REFUNDS TO MINNESOTA FINANCIAL AID PROGRAMS

The amount of refunds due to the following programs; MSG, CCG, SOS, SELF, MGIB, and MISP are calculated in the same manner. For each student who withdraws and received funds from OHE, the institution should complete Appendix 13a, 13b, or 13c found in the OHE Financial Aid Manual, State Grant Program, Section III, dated July 2014.

Appendix 13a is used for students who withdraw completely or drop below the minimum enrollment levels for the MSG and SELF programs at schools which charge by the term or clock hour payment period.

Appendix 13b is used for students who withdraw completely or drop below the minimum enrollment levels for the MSG and SELF programs at schools which charge up front for the entire program.

Appendix 13c is used when students who are receiving funds from the MSG, CCG, or SOS programs change enrollment levels but remain enrolled at or above the minimum enrollment level for each program.

The amount repaid to each program cannot exceed the amount the student received from that program for the enrollment period.

REVIEW REQUIREMENTS

The reviewer must determine if a refund calculation was necessary or if a refund calculation should have been performed and was not. The reviewer should review any Federal Return of Title IV Funds (R2T4) calculations for accuracy as the results sometimes flow into the OHE refund calculation. The reviewer must ensure that refunds are correctly disbursed to the federal and the OHE financial aid programs, and that the institution complied with the requirements of the OHE Financial Aid Manual, State Grant Program, Section III Appendices 13a, 13b, or 13c dated July 2014.

The reviewer must report on any refund issues noted including failure to perform a refund calculation, inaccurate refund calculation, funds not returned to aid programs or not on a timely basis, etc. The reviewer must report each student's name, OHE programs involved, amounts over or under awarded, and the term(s) impacted.

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FINAL FISCAL YEAR END REPORTS SUBMITTED AS ACCURATE AND COMPLETED ON TIME AND ACCOUNT RECORDS RECONCILED

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 State Work Study
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

MnSCU Exception: MnSCU institutions have an additional two weeks beyond the deadlines stated for the Postsecondary Child Care Grant and State Work Study to confirm the accuracy of their year-end reports.

MINNESOTA STATE GRANT PROGRAM

REFERENCES:

Minnesota Rule 4830.0700, Method of Payment, Subp. 3, School accounting requirements states in part that schools must provide evidence, prepared according to generally accepted accounting principles, that all awards have either been distributed or refunded to the program.

OHE Financial Aid Manual, State Grant Program Section I, pages 112 to 114, dated July 2014.

At the end of each fiscal year, the financial aid office needs to reconcile its record of State Grant disbursements with:

- The OHE's records of State Grant disbursements, and
- the institution's business office records of State Grant disbursements.

To complete the reconciliation, the financial aid office needs to ensure the total amount listed as disbursed to eligible students agrees with both the business office and the Agency's total.

In addition, the financial aid office needs to verify that they have the same amount disbursed to each student as the business office and the Agency (OHE). This process includes, but is not always limited to, the following steps:

STEP 1. The institution selects their official record of State Grant disbursements. This must

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be the record used to submit batches to the Agency (OHE) and can be maintained by the financial aid office or the business office.

STEP 2. Institution determines that its official record and the Agency (OHE) records agree by verifying:

- all disbursements of State Grant funds have been submitted to OHE,
- that there are no outstanding rejected payments, and
- the total amounts disbursed by the institution and the total amount of payments accepted by OHE agree.

Note: If the institution is not able to transmit payment data to OHE due to software errors, OHE will not grant the school credit for those payments.

STEP 3. Institution determines that the records of the business office and the financial aid office are in agreement. If appropriate, any differences should be corrected by adjusting the non-official State Grant disbursement record. If the school needs to adjust its official record, the institution must repeat Step 2.

The student must be eligible to receive any increased award payments made to him or her as part of the reconciliation process.

This part of the reconciliation should establish that:

- the business office and the financial aid office recorded the same total institutional disbursements, and
- for each student, the business office and the financial aid office recorded the same disbursements.

This reconciliation and return of any excess funds must be completed no later than August 31, 2015.

REVIEW REQUIREMENTS

The purpose of the reconciliation is to determine that institutional records agree with each other and OHE. The reviewer must determine that:

- the reconciliation has been completed;
- the institutional records (the financial aid and business office) agree with each other, and;
- the institutional records agree with the State Grant payments accepted by OHE.

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This reconciliation must be completed no later than August 31, 2015. If a school cannot provide the reconciliation to the reviewer at the time of fieldwork, this is a finding which must be included in the report.

POSTSECONDARY CHILD CARE GRANT PROGRAM

REFERENCES:

Minnesota Rule 4830.7900, Reports of Data.

Fiscal year program activity reports and student data reports are required by the office. Institutions shall correctly complete and submit all required reports and any applicable refunds to the office by the first working day after August 9. (August 10, 2015)

OHE Financial Aid Manual, Postsecondary Child Care Grant Program Section I, Pages 39 to 40, dated July 2014, states in part that:

End of Year Reports and applicable supplements are to be completed correctly and submitted to the Agency (OHE) no later than the first working day after August 9. (August 10, 2015)

Excess funds were to be returned to OHE by July 31, 2015.

OHE Financial Aid Manual, Postsecondary Child Care Grant Program, Section III, Appendices 7 and 7a Postsecondary Child Care Grant Program 2013-14 End of Year Report, dated July 2014.

REVIEW REQUIREMENT

The reviewer must determine that the institution has submitted an accurate and completed final fiscal year-end report by the deadline of August 10, 2015.

STATE WORK STUDY PROGRAM

REFERENCES:

Minnesota Rule 4830.2600, Reports by School.

End of year program activity and student data reports are required by the commissioner. The school must correctly complete and submit these reports and any applicable refunds to the commissioner by the first working day after August 9. (August 10, 2015)

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Excess funds were to be returned to OHE by July 31, 2015.

OHE Financial Aid Manual, Minnesota State Work Study Program Section I, Pages 21-22, dated July 2014.

OHE Financial Aid Manual, Minnesota State Work Study Program, Section III, Appendices 2, and 2a, 2013-14 MN State Work Study End of Year Report, dated July 2014.

REVIEW REQUIREMENT

The reviewer must determine that the institution has submitted an accurate completed final fiscal year-end report to OHE by the deadline of August 10, 2015.

MINNESOTA GI BILL PROGRAM

REFERENCES:

OHE Financial Aid Manual, Minnesota GI Bill Program Section I, Page 18, dated July 2014

This section state in part that the institution will correctly complete and submit the End of Year Report and supplements by the applicable deadline dates.

Also, at the end of each fiscal year, the financial aid office must reconcile its record of MN GI Bill disbursements with OHE's record of MN GI Bill disbursements and the institution's business office records of disbursements.

REVIEW REQUIREMENT

The reviewer must determine that the institution accurately reported the expenditures of Minnesota GI Bill Program funds as requested by OHE. Also, the reviewer must obtain and review the year end reconciliation of MGIB disbursements. If the school cannot provide this reconciliation at the time of fieldwork, it is a reportable finding.

MINNESOTA INDIAN SCHOLARSHIP PROGRAM

REFERENCE:

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OHE Financial Aid Manual, Minnesota Indian Scholarship Program, Section I, Page 11 dated July 2014

At a minimum, at the end of each fiscal year, the financial aid office must reconcile its record of MISP disbursements with OHE's records of disbursements and the institution's business office records of MISP disbursements.

OHE strongly encourages financial aid offices to reconcile its record of MISP disbursements with OHE and the institutional business office records monthly and at the end of each term in order to make available any refunded funds for awards to other eligible students on the waiting list.

REVIEW REQUIREMENT

The reviewer must obtain and review at least the year end reconciliation of MISP disbursements. If the school cannot provide this reconciliation at the time of fieldwork, it is a reportable finding.

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RECORD RETENTION

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

REQUIREMENTS FOR ALL PROGRAMS

REFERENCE:

Minnesota Rule 4830.0100, Definitions for Higher Education Programs, Subp. 11, Audit Requirements.

Audit requirements means that the school must make available to the office and its authorized representatives all pertinent books, documents, papers, and records for audit and examination for three years after the last day of a fiscal year or until audit exceptions for the period are resolved.

REVIEW REQUIREMENT

The reviewer must determine that the institution's record retention practices comply with OHE requirements. If documents are not retained and/or are not available at the time of fieldwork, this is a reportable finding.

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NO FEES CHARGED BY THE INSTITUTION TO PROGRAM PARTICIPANTS OR APPLICANTS

PROGRAMS SUBJECT TO PROGRAM REQUIREMENT

Minnesota State Grant
 Postsecondary Child Care Grant
 Minnesota Public Safety Officer's Survivor Grant
 State Work Study
 SELF
 Minnesota GI Bill
 Minnesota Indian Scholarship Program

REFERENCES:

It is OHE's intention that students be allowed to participate in the various OHE financial aid programs without charge.

MINNESOTA STATE GRANT PROGRAM

OHE Financial Aid Manual, Minnesota State Grant Program, Section I, Page 114, dated July 2014.

The school shall not, under any circumstances, collect from State Grant applicants or recipients any special fees for charges to directly cover the cost of administering the State Grant Program.

STUDENT EDUCATIONAL LOAN FUND

OHE Financial Aid Manual, Student Educational Loan Fund Program, Section I, Page 16, dated August 2013

The school will not collect from borrowers or applicants any additional fees or charges to cover the cost of originating loans under the SELF Loan Program.

REVIEW REQUIREMENT

A reviewer should report any fees charged to the student, by the institution, to apply for or to pay for the cost of administering any OHE financial aid programs.

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EMPLOYED BY AN ELIGIBLE EMPLOYER/WORK CONTRACT

PROGRAMS SUBJECT TO PARTICIPANT QUALIFICATION

STATE WORK STUDY PROGRAM

REFERENCES

Minnesota Statute 136A.233, Subdivision 2, Definitions, (d), “Eligible Employer” means any eligible postsecondary institution, any non-profit, nonsectarian agency or state institution located in the state of Minnesota, a disabled person or a person over 65 who employs a student to provide personal services in or about the person’s residence, or a private, for-profit employer employing a student as an intern in a position directly related to the student’s field of study that will enhance the student’s knowledge and skills in that field.

Minnesota Rule 4830.2400 Employment Terms; Amount of Grants, Subpart 1.

OHE Financial Aid Manual, State Work Study Program, Section I Pages 7 to 8, dated July 2014.

A State Work Study position with a private, for-profit employer must be an internship in a position directly related to the student’s field of study that will enhance the student’s knowledge and skills in that field. The direct relationship of the internship to the student’s field of study must be documented in the employment contract, as well as how the position will enhance the student’s skills in that field.

REVIEW REQUIREMENTS

The reviewer must determine and report if any State Work Study employees were not employed by a:

1. eligible postsecondary institution;
2. non-profit, nonsectarian agency located in Minnesota;
3. person who has a physical or mental impairment which substantially limits at least one life activity and who could benefit from student assistance in or about the home;
4. person over 65 years old who could benefit from student assistance in or about the home; or
5. private for-profit employer in an internship in a position directly related to the student’s field of study that enhances the student’s knowledge and skills in that field.

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WORK CONTRACTS FOR OFF-CAMPUS EMPLOYERS

When the institution is not the employer, there must be a contract between the employer, the institution and the student employed as a work study student.

REFERENCES

Minnesota Rule 4830.2500, Contracts with Employers

Subpart 1. Off-campus employer contract. Before a student begins work, the school and off-campus employer shall sign a contract affirming the eligibility of the employer and agreeing to abide by applicable law and rules.

Subpart 2. Contents of work contract. The student, school, and employer shall sign a contract setting forth the nature of the work, number of hours of employment, hourly rate of pay, percentage of earnings to be paid by the employer, maximum payment by the employer, pay and time records, payroll, and worker's compensation. Time records must be signed by the student and the employment supervisor.

Subpart 4. Supervision. The school, with the employer, must develop for each work- study assignment a program of supervision consistent with the nature of the assignment and the needs of the individual student.

OHE Financial Aid Manual, State Work Study Program, Section I Pages 10 to 11, dated July 2014.

REVIEW REQUIREMENTS

The reviewer must determine for each work-study participant that the appropriate contracts have been signed by all required parties.

The audit must report any student participating in the Minnesota Work Study Program, who was not employed by an eligible employer or who did not have a required work contract. Although it is strongly recommended, it is not required for on-campus employers to use a work contract. However, if the institution's policy is to use work contracts for some or all on-campus work study employees, then a failure to have the contract in the student's file or other records would be a finding. The report must also include any State Work Study payments made to a student not employed by an eligible employer as the state share of those funds must be repaid to OHE.

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SUBSECTION II D: TUITION RECIPROCITY PROGRAMS

There are several tuition reciprocity programs that must be reviewed. Students from each of the following states/province/exchange group need to be reviewed according to the rules and guidelines applicable to each.

Iowa

Manitoba

Midwest Student Exchange Program (Indiana, Kansas, Michigan, Missouri, Nebraska)

North Dakota

South Dakota

Wisconsin

Only those institutions that are part of the University of Minnesota System or the Minnesota State Colleges and University (MnSCU) System participate in the tuition reciprocity programs. In one case (Iowa), only one Minnesota school participates in the program.

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IOWA RECIPROCITY PROGRAM

There is no statewide reciprocity agreement between Minnesota and Iowa. The only participating institution is Minnesota West Community and Technical College (MWCTC). The limited agreement applies to Iowa residents of Merged Area III in northwestern Iowa which correlates to Iowa Lakes Community College (with campuses in Algona, Estherville, Emmetsburg, Spencer, and Spirit Lake). Eligible Iowa students must apply for reciprocity directly to MWCTC.

MWCTC should charge its Minnesota resident tuition and fee rate to eligible Iowa residents.

The reviewer must verify that only eligible Iowa residents attending MWCTC were charged the Minnesota resident tuition and fees. Also, if a higher tuition and fee amount was originally charged to an eligible Iowa resident, that MWCTC subsequently credited or refunded the difference between the higher rate and the Minnesota resident rate to the student.

REVIEW REQUIREMENTS:

The audit report must state whether Minnesota West Community and Technical College was in compliance with all aspects of the Iowa reciprocity agreement. Also, if there were any compliance exceptions, the affected students' names and the amounts of tuition and fees that were in excess or below the correct tuition and fees level must be reported.

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MANITOBA RECIPROCITY PROGRAM

Manitoba, Canada residents are eligible for reciprocity benefits if they attend any public college or university in Minnesota. Manitoba students must apply for the benefits directly through the schools they attend.

University of Minnesota Requirements

All University of Minnesota campuses should charge Minnesota resident tuition and fees to undergraduate and graduate tuition reciprocity recipients from Manitoba. **New as of 2012-13:** Students from Manitoba entering professional programs in medicine, dental medicine, veterinary medicine, and pharmacy will no longer be covered by the Manitoba/Minnesota reciprocity agreement. Students who entered these programs prior to the 2012-13 academic year should be grandfathered under the terms of the prior agreement. This means the grandfathered students should be charged the Minnesota resident tuition and fee rates until they complete their programs or are no longer continuously enrolled (summer term excluded).

MnSCU Requirements

All MnSCU campuses should charge Minnesota resident tuition and fee rates to tuition reciprocity recipients from Manitoba.

The reviewer must verify that students from Manitoba who applied for and were approved for reciprocity benefits from a Minnesota public college or university were charged Minnesota resident tuition and fees. Also, if a Manitoba student was initially charged a non-resident tuition and fee rate but was subsequently approved for reciprocity benefits, the reviewer must verify that a credit or refund was processed for the difference between the non-resident and resident rates.

REVIEW REQUIREMENTS:

The audit report must state whether the Minnesota public college or university enrolled any students in 2014-15 under the Manitoba reciprocity program. If the institution did enroll eligible students, then the reviewer must verify that the institution was in compliance with all aspects of the Manitoba reciprocity program. Also, if there were any compliance exceptions, the affected students' names and the amounts of tuition and fees that were in excess or below the correct tuition and fees levels must be reported.

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THE MIDWEST STUDENT EXCHANGE PROGRAM (MSEP)

Students from Illinois, Indiana, Kansas, Michigan, Missouri, and Nebraska may be eligible for a reduced tuition rate if they attend a Minnesota public college or university which participates in the Midwest Student Exchange Program (MSEP). Participating campuses may charge between 100 to 150 percent of the resident tuition plus any institutional fees.

Although private institutions are eligible to participate in MSEP, no private colleges or universities in Minnesota participated in MSEP during 2014-15.

A student applying to a participating institution must indicate that he/she is seeking to enroll as an MSEP student. The institution will review the request and reply directly to the student.

University of Minnesota Requirements

The University of Minnesota suspended MSEP rates for new students enrolling in or after the 2008-09 academic year. Continuously enrolled returning students from the states of Kansas, Michigan, Missouri, and Nebraska (Illinois and Indiana joined MSEP after 2008-09) enrolled prior to 2008-09 were only eligible for MSEP rates in 2012-13 and beyond at the discretion of the University. If applicable, all participating University of Minnesota campuses/programs should have charged an MSEP student up to 150 percent of the resident tuition rate for the campus/program in which the student was enrolled plus any institutional fees.

MnSCU Requirements

Participating MnSCU institutions/programs should charge MSEP participants between 100 and 150 percent of the resident tuition rate for the institution attended plus any institutional fees. Students attending MnSCU campuses that no longer charge non-resident rates do not need to apply for MSEP rates or be reported in MSEP enrollment reports.

The reviewer must first determine if the public university being reviewed participated and had eligible MSEP students enrolled in 2014-15. If the institution did participate, then the reviewer must document what the MSEP policy was for 2014-15 (e.g.: did it charge the resident tuition rate, did it charge a higher rate up to 150 percent of the resident rate, were there differential rates for different programs, etc.). Finally, the reviewer must verify that eligible MSEP students were charged the appropriate tuition rate(s) for 2014-15.

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REVIEW REQUIREMENTS:

The audit or report must state whether the Minnesota public college or university participated in the MSEP for 2014-15. Further, if the institution did participate, the reviewer must verify that it was in compliance with all aspects of the MSEP. Also, if there were any compliance exceptions, the affected students' names and the amounts of tuition charged that were in excess or below the correct tuition levels must be reported.

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THE MINNESOTA-NORTH DAKOTA RECIPROCITY PROGRAM

North Dakota residents are eligible for the reciprocity benefits if they enroll at any Minnesota public college or university. New enrollments in some professional programs had limits and/or exclusions authorized as of fall 2006.

University of Minnesota Requirements

Process: All North Dakota students interested in reciprocity apply via an on-line process with North Dakota. North Dakota approves students and the approvals flow into OHE's database. OHE informs the University of Minnesota of students approved for reciprocity. At the end of each term, the University of Minnesota provides a report to OHE with the names of students, the number of credits taken, and a designation of undergraduate, graduate, or professional. The report may contain dollar amounts charged, but it is not required.

All University of Minnesota campuses should have charged Minnesota resident tuition and fee rates to all undergraduate and graduate North Dakota tuition reciprocity recipients. The exceptions are:

Effective 2006-07, new students from North Dakota who entered the University of Minnesota Law School, School of Pharmacy and School of Medicine were not covered by the reciprocity agreement. Continuously enrolled returning students in these programs who had already been approved for reciprocity prior to the 2006-07 academic year should have been grandfathered through the completion of their programs under the tuition reciprocity rates (i.e. Minnesota resident rates).

Effective 2006-07, new students from North Dakota who entered the University of Minnesota's veterinary medicine program were not covered by the reciprocity agreement. However, up to five qualified applicants from North Dakota (up to an eventual total of 20 for four classes) admitted to the veterinary medicine program should have been charged 75 percent of the Minnesota non-resident tuition rate. Continuously enrolled returning students in the veterinary medicine program who had already been approved for reciprocity prior to the 2006-07 academic year should have been grandfathered through the completion of their programs under the tuition reciprocity rates (i.e. Minnesota resident rates).

Effective 2006-07, up to 10 qualified North Dakota applicants (up to a total of 40 for four classes) could be admitted to the dentistry program and should have been charged 75 percent of Minnesota non-resident tuition rate plus fees. NEW STUDENTS WHO ENTERED DURING 2010-11 OR THEREAFTER WERE TO BE CHARGED 100 PERCENT OF THE MINNESOTA NON-RESIDENT TUITION RATE PLUS FEES.

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Continuously enrolled returning students who entered the dentistry program during the 2006-07, 2007-08, 2008-09, and 2009-10 academic years should have been grandfathered through the completion of their programs at the 75 percent of Minnesota non-resident tuition rate plus fees. Any continuously enrolled returning students who entered the dentistry program and were approved for reciprocity prior to the 2006-07 academic year should have been grandfathered through the completion of their programs under the former reciprocity rate (i.e. Minnesota resident rates).

MnSCU Requirements:

Process: All North Dakota students interested in reciprocity apply via an on-line process with North Dakota. North Dakota approves students and the approvals flow into OHE's database. OHE informs the MnSCU institutions of students approved for reciprocity. At the end of each term, MnSCU provides a report to OHE with the names of students, the number of credits taken, and a designation of undergraduate or graduate. The report may contain dollar amounts charged, but it is not required.

Metropolitan State University should have charged undergraduate reciprocity students the four-year average tuition rate charged in North Dakota which was \$216.53 per credit plus any fees charged by Metro State.

All other MnSCU institutions and Metro State for graduate students should have charged the Minnesota resident tuition and fee rates to all North Dakota tuition reciprocity recipients.

MnSCU campuses that do not have non-resident tuition rates must still require residents from North Dakota to apply for tuition reciprocity so they receive official approval from the board in North Dakota and are included in the interstate payment calculation.

The reviewer must verify that eligible North Dakota students were charged the correct tuition and fees. If a North Dakota student was originally charged incorrect tuition and fee amounts, the reviewer must determine if the institution subsequently adjusted, credited, or refunded the difference. The reviewer must also determine if the correct cost of attendance was used when an eligible North Dakota student applied for a SELF Loan or other aid which required the use of a cost of attendance figure.

Note: If a student establishes residency in Minnesota during the academic year, North Dakota's responsibility to the student ceases with the beginning of the first term following the establishment of residency for tuition purposes.

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REVIEW REQUIREMENTS

The audit report must report if the institution is in compliance with the terms of the North Dakota reciprocity agreement. This includes listing all credits taken by North Dakota reciprocity students in its certification report as well as all North Dakota reciprocity students who are not paying resident tuition. Any compliance exceptions must be listed by student with an accompanying explanation of the issue.

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THE MINNESOTA-SOUTH DAKOTA RECIPROCITY PROGRAM

South Dakota residents are eligible for reciprocity benefits if they enroll at a Minnesota public college or university.

University of Minnesota Process: South Dakota students interested in reciprocity complete an application and send it to the South Dakota Board of Regents. The Board sends the list of approved students to OHE. OHE provides the list to the University of Minnesota. At the end of each term, the University provides a separate report for each campus showing the student's name, the number of credits taken, and a designation of undergraduate, graduate, or professional. The report may contain dollar amounts charged, but it is not required.

MnSCU Process: All interested students from South Dakota apply directly for reciprocity to a MnSCU campus. MnSCU Central Office sends report to OHE but does not include names of students enrolled at a stand-alone technical college (e.g. Pine Technical). The report includes a list of names, the number of credits taken, and whether the student was undergraduate or graduate. No dollar amounts are required to be reported.

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The following tables include the information necessary to determine if the South Dakota resident was charged the correct tuition and fees for 2014-15.

2014-15 Tuition Reciprocity Rates for South Dakota Students	
All University of MN Campuses	Undergraduate: Charge MN resident tuition and fee rates Graduate: Charge MN resident tuition and fee rates Professional: Charge MN resident tuition and fee rates
State Universities	<p><i>Undergraduate:</i> Metro State University and St. Cloud State University must charge SD's four-year weighted average tuition and fee rate of \$263.19 per semester credit, which already includes general required fees, plus any specialized fees. MN State University Mankato must charge a banded semester tuition and fee rate of \$3,948.00 for 12+ credits, and a per credit rate of \$310.62. MN State University Moorhead must charge a banded semester tuition and fee rate of \$3,948.00 for 12+ credits and a per credit rate of \$254.55.</p> <p>The remaining State Universities (Bemidji State University, Southwest Minnesota State University, and Winona State University) must charge MN resident tuition and fee rates.</p> <p><i>Graduate:</i> All campuses charge Minnesota resident graduate tuition and fee rates.</p>
Community Colleges	<p>All campuses charge Minnesota resident tuition and fee rates with a 9.72% surcharge applied to tuition <u>only</u>. (Note: The surcharge is applied only to tuition, with fees being added to the result.) Example: If resident tuition were \$170 per semester credit, $\\$170 \times 1.0972 = \\186.52. The school should have charged \$186.52 tuition per semester credit plus required general and program/course fees.</p> <p>Note: The surcharge is based on the difference between the MN and SD weighted average four-year rates: \$8,663 (MN) minus \$7,896 (SD) = \$767. \$767 divided by \$7,896 = 9.72%.</p>
Technical Colleges	All campuses charge Minnesota resident tuition and fee rates.
Consolidated Technical & Community Colleges	Treat as either a community college or a technical college student, depending on the student's program. If the school cannot make a distinction between a community and technical program, then treat as a technical college student.

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The reviewer must verify that eligible South Dakota students were charged the correct tuition and fees. If a South Dakota student was originally charged incorrect tuition and fee amounts, the reviewer must determine if the institution subsequently adjusted, credited, or refunded the difference. The reviewer must also determine if the correct cost of attendance was used when an eligible South Dakota student applied for a SELF Loan or other aid which required the use of a cost of attendance figure.

REVIEW REQUIREMENTS

The audit report must report if the institution is in compliance with the terms of the South Dakota reciprocity agreement including required reporting. Any compliance exceptions must be listed by student with an accompanying explanation of the issue.

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THE MINNESOTA-WISCONSIN RECIPROCITY PROGRAM

In general, Wisconsin residents are eligible for tuition reciprocity if they attend any Minnesota public college or university. Exceptions to this policy are Wisconsin students enrolled in the College of Medicine, College of Veterinary Science, and the College of Dentistry at the University of Minnesota Twin Cities and Duluth campuses.

The Wisconsin reciprocity agreement applies only to tuition rates. The Minnesota institution may charge general fees to Wisconsin reciprocity students including any course or program-specific fees.

University of Minnesota and MnSCU Process: All interested Wisconsin students must apply for reciprocity through the Wisconsin Higher Educational Aids Board (WHEAB). WHEAB approves students for reciprocity. WHEAB directly informs each Minnesota institution of the names of approved students. At the end of each term, Minnesota institutions report directly to WHEAB the names of students who received reciprocity, the number of credits taken, the dollar amounts charged, and any supplement amounts (supplement amounts end after 2014-15).

MnSCU campuses that do not have non-resident tuition rates must still require residents from Wisconsin to apply for tuition reciprocity so they are officially approved by the Wisconsin Higher Educational Aids Board and included in the interstate payment calculation.

University of Minnesota and MnSCU Group 1: Wisconsin students who have been continuously enrolled (excluding summer terms) since prior to the 2008-09 academic year are no longer grandfathered under an old plan. These students were charged the same as new Wisconsin students who first entered a Minnesota public institution during or after the 2012-13 academic year. The tuition rate charged to these students was the higher of the Minnesota resident rate at the campus attended or the tuition rate at a comparable Wisconsin institution **without** a tuition supplement.

University of Minnesota and MnSCU Group 2: Wisconsin undergraduate students who have been continuously enrolled (excluding summer terms) and who first enrolled during the 2008-09, 2009-10, 2010-11, and 2011-12 academic years were charged the higher of the Minnesota resident tuition at the type of campus attended or the tuition at a comparable Wisconsin institution **with** a tuition supplement.

For an undergraduate Wisconsin student in Group 2 enrolled at a Minnesota public institution, if the Minnesota resident tuition rate exceeded the Wisconsin resident rate, the state of Wisconsin provided a reciprocity supplement to cover the difference in rates. This supplement will continue for Group 2 students remaining continuously enrolled (except summer terms) through

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the end of the 2014-15 academic year or until the students complete their programs or discontinue enrollment, whichever occurs first.

When reviewing a student's account to determine the tuition amount charged, the reviewer must be aware that the presentation may vary. One could see the gross tuition with the supplement already deducted posted as a net tuition amount. Alternatively, one could see the higher gross tuition charged and a separate credit listed as a reciprocity supplement or even a scholarship which when the two entries are combined result in the proper net tuition assessment to the Wisconsin undergraduate student.

University of Minnesota Supplement Note: The tuition reciprocity agreement was modified beginning with 2011-12. The previously described Wisconsin supplements were still in place for students described under Group 2. However, the former \$1,300 university fee which had previously been itemized was rolled into the tuition amount effective with the 2011-12 academic year. This \$1,300 amount was deducted from the gross Wisconsin supplement to arrive at a net supplement amount. The net supplement amount appears on the following tables. Also, there will no longer be a supplement amount for the undergraduate engineering program at the Twin Cities' campus as the \$1,300 deduction exceeds the difference between the pre and post-2008 reciprocity rates.

The following tables include the information necessary to determine if the Wisconsin resident was charged the correct tuition for 2014-15. Please note in the second column which pertains to Group 2 students that the undergraduate categories list the gross tuition figure first with the amount to the right of it in parentheses representing the reciprocity supplement amount.

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Campus and Program	Group 1: Enrolled Pre 2008-09 OR First Enrolled 2012-13 or After	Group 2: First Enrolled 2008-09, 2009-10, 2010-11, and 2011-12 and Continuously Since
U of M Twin Cities Campus		
Undergraduate-General		
Annual	\$12,060.00	\$12,060.00 (\$ 789.98)
Term 13 +	\$6,030.00	\$ 6,030.00 (\$ 394.99)
Per Credit	\$463.84	\$ 463.84 (\$ 30.38)
Undergraduate-Business Admin		
Annual	\$13,560.00	\$13,560.00 (\$ 1,164.92)
Term 13 +	\$6,780.00	\$ 6,780.00 (\$ 582.46)
Per Credit	\$538.84	\$ 538.84 (\$ 47.95)
Undergraduate-Engineering		
Annual	\$12,060.00	\$12,060.00 N/A
Term 13 +	\$6,030.00	\$ 6,030.00 N/A
Per Credit	\$463.84	\$ 463.84 N/A
Graduate		
Annual	\$15,458.00	\$15,458.00
Term 6 +	\$7,729.00	\$7,729.00
Per Credit	\$1,288.16	\$1,288.16
Law – 1L		
Annual	\$39,192.00	\$39,192.00
Term 12 +	\$19,596.00	\$19,596.00
Per Credit	\$1,633.00	\$1,633.00
Law – 2L		
Annual	\$39,192.00	\$39,192.00
Term 12 +	\$19,596.00	\$19,596.00
Per Credit	\$1,633.00	\$1,633.00
Law – 3L		
Annual	\$37,368.00	\$37,368.00
Term 12 +	\$18,684.00	\$18,684.00
Per Credit	\$1,557.00	\$1,557.00
Pharm D.		
Annual	\$24,500.00	\$24,500.00
Term 12 +	\$12,250.00	\$12,250.00
Per Credit	\$1,020.83	\$1,020.83
Business Masters-Entering		
Annual	\$35,260.00	\$35,260.00
Term 12 +	\$17,630.00	\$17,630.00
Per Credit	\$1,469.16	\$1,469.16
Business Masters-Continuing		
Annual	\$34,230.00	\$34,230.00

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Term 12 + Per Credit	\$17,115.00 \$1,426.25	\$17,115.00 \$1,426.25
Business Masters-Evening Per Credit Only	\$1,270.00	\$1,270.00

Campus and Program	Group 1: Enrolled Pre 2008-09 OR First Enrolled 2012-13	Group 2: First Enrolled 2008-09, 2009-10, 2010-11, and 2011-12 and Continuously Since	
U of M Duluth Campus			
Undergraduate-General			
Annual	\$11,720.00	\$11,720.00	(\$2,328.88)
Term 13 +	\$5,860.00	\$ 5,860.00	(\$1,164.44)
Per Credit	\$450.76	\$ 450.76	(\$ 89.56)
Undergraduate-Business			
Annual	\$11,720.00	\$11,720.00	(\$1,819.60)
Term 13 +	\$5,860.00	\$ 5,860.00	(\$ 909.80)
Per Credit	\$450.76	\$ 450.76	(\$ 69.98)
Undergraduate -Engineering			
Annual	\$11,720.00	\$11,720.00	(\$1,809.76)
Term 13 +	\$5,860.00	\$ 5,860.00	(\$ 904.88)
Per Credit	\$450.76	\$ 450.76	(\$ 69.60)
Undergraduate – Fine Arts			
Annual	\$11,720.00	\$11,720.00	(\$1,805.68)
Term 13 +	\$5,860.00	\$ 5,860.00	(\$ 902.84)
Per Credit	\$450.76	\$ 450.776	(\$ 69.44)
Graduate			
Annual	\$15,458.00		\$15,458.00
Term 6 +	\$7,729.00		\$7,729.00
Per Credit	\$1,288.16		\$1,288.16
Business Masters			
Annual	N/A		N/A
Term 13 +	N/A		N/A
Per Credit Only—Duluth Campus	\$1,188.75		\$1,188.75
Per Credit Only—Rochester Campus	\$1,188.75		\$1,188.75
Pharm. D.			
Annual	\$24,500.00		\$24,500.00
Term 12+ Credits	\$12,250.00		\$12,250.00
Per Credit	\$1,020.83		\$1,020.83

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U of M Morris Campus			
Annual	\$11,720.00	\$11,720.00	(\$1,146.64)
Term 13 +	\$5,860.00	\$ 5,860.00	(\$ 573.32)
Per Credit	\$450.76	\$ 450.76	(\$ 44.10)
U of M Crookston Campus			
Annual	\$10,030.00	\$10,030.00	(\$2,255.24)
Term 13 +	\$5,015.00	\$ 5,015.00	(\$1,027.62)
Per Credit	\$385.76	\$ 385.76	(\$ 79.04)
U of M Rochester Campus			
Annual	\$11,720.00	\$11,720.00	(\$1,146.64)
Term 13 +	\$5,860.00	\$ 5,860.00	(\$ 573.32)
Per Credit	\$450.76	\$ 450.776	(\$ 44.10)

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MnSCU Campuses-State Universities				
Campus and Program	Group 1: Enrolled Pre 2008-09 OR First Enrolled 2012-13 or After		Group 2: First Enrolled 2008-09, 2009-10, 2010-11, and 2011-12 and Continuously Since	
Bemidji State University				
Undergraduate				
Annual		\$7,145.00	\$7,145.00	(\$ 470.24)
Term 12-18 credits		\$3,572.50	\$3,572.50	(\$ 235.12)
Per credit		\$249.85	\$ 249.85	(\$ 16.44)
Graduate				
Annual		N/A		N/A
Term		N/A		N/A
Per credit only		\$376.75		\$376.75
Metropolitan State University				
Undergraduate				
Annual		N/A		N/A
Term		N/A		N/A
Per credit only		\$222.49		\$222.49
Graduate				
Annual		N/A		N/A
Term		N/A		N/A
Per credit only		\$346.42		\$346.42
MBA				
Annual		N/A		N/A
Term		N/A		N/A
Per credit only		\$346.42		\$346.42
MN State University-Mankato				
Undergraduate				
Annual		\$6,674.76	\$6,674.76	(\$ 0.00)
Term 12-18 credits		\$3,337.38	\$3,337.38	(\$ 0.00)
Per credit		\$262.62	\$ 262.62	(\$ 0.00)
Graduate				
Annual		N/A		N/A
Term		N/A		N/A

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Per credit only	\$365.95	\$365.95
MBA—On Campus Per credit only	\$555.30	\$555.30
MBA—Twin Cities Per credit only	\$687.30	\$687.30

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Campus and Program	Group 1: Enrolled Pre 2008-09 and Continuously Since OR First Enrolled 2012-13	Group 2: First Enrolled 2008-09, 2009-10, 2010-11, and 2011-12 and Continuously Since
MN State University-Moorhead		
Undergraduate		
Annual	\$6,898.00	\$6,898.00 (\$ 223.24)
Term 12-18 credits	\$3,449.00	\$3,449.00 (\$ 111.62)
Per credit	\$222.43	\$ 222.43 (\$ 7.20)
Graduate		
Annual	N/A	N/A
Term	N/A	N/A
Per credit only	\$347.00	\$347.00

St. Cloud State University		
Undergraduate		
Annual	N/A	N/A
Term	N/A	N/A
Per credit only	\$222.49	\$222.49
Graduate		
Annual	N/A	N/A
Term	N/A	N/A
Per credit only	\$355.08	\$355.08
MBA—On Campus		
Per credit only	\$567.58	\$567.58
Southwestern MN State University		
Undergraduate		
Annual	\$6,985.80	\$6,985.80 (\$ 311.04)
Term 12-18 credits	\$3,492.90	\$3,492.90 (\$ 155.52)
Per credit	\$226.20	\$ 226.20 (\$ 10.07)
Graduate		
Annual	N/A	N/A
Term	N/A	N/A
Per credit only	\$368.50	\$368.50
MBA		

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Per credit only	\$368.50	\$368.50
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Campus and Program	Group 1: Enrolled Pre 2008-09 and Continuously Since OR First Enrolled 2012-13	Group 2: First Enrolled 2008-09, 2009-10, 2010-11, and 2011-12 and Continuously Since
Winona State University		
Undergraduate		
Annual	\$6,866.00	\$6,866.00 (\$ 51.24)
Term 12-18 credits	\$3,433.00	\$3,433.00 (\$ 25.62)
Per credit	\$227.00	\$ 227.00 (\$ 1.69)
Graduate		
Annual	N/A	N/A
Term	N/A	N/A
Per credit only	\$359.93	\$359.93

MnSCU Stand-Alone Technical Colleges

Wisconsin residents attending MnSCU stand-alone technical colleges will be charged the MnSCU stand-alone technical college undergraduate resident tuition rate.

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MnSCU Campuses Community & Consolidated Campuses

At Consolidated Technical and Community Colleges treat the student either as a CC or a TC student depending on the student's program. If the school cannot make a distinction between a CC or TC program, treat as a technical college student.

Campus and Program	Group 1: Enrolled Pre 2008-09 OR First Enrolled 2012-13 or After	Group 2: First Enrolled 2008-09, 2009-10, 2010-11, and 2011-12 and Continuously Since
	Per credit figures	Per credit figures
Anoka Ramsey CC	\$144.96	\$144.96 (\$ 0.00)
Central Lakes College	\$159.10	\$159.10 (\$ 0.76)
Century College	\$160.60	\$160.60 (\$ 2.26)
Fond du Lac Tribal & CC	\$158.90	\$158.90 (\$ 0.56)
Inver Hills CC	\$159.00	\$159.00 (\$ 0.66)
Lake Superior College	\$158.34	\$158.34 (\$ 0.00)
Minneapolis College	\$155.25	\$155.25 (\$ 0.00)
Minnesota State C&TC	\$160.80	\$160.80 (\$ 2.46)
Minnesota West College	\$171.55	\$171.55 (\$13.21)
Normandale CC	\$161.49	\$161.49 (\$ 3.15)
North Hennepin CC	\$165.08	\$165.08 (\$ 6.74)
Northeast Higher Ed District (Hibbing College, Itasca CC, Mesabi Range College, Rainy River CC and Vermilion CC	\$158.34	\$158.34 (\$ 0.00)
Northland College	\$165.00	\$165.00 (\$ 6.66)
Ridgewater College	\$161.30	\$161.30 (\$ 2.96)
Riverland College	\$164.60	\$164.60 (\$ 6.26)
Rochester College	\$164.10	\$164.10 (\$ 5.76)

The reviewer must verify that eligible Wisconsin students were charged the correct tuition and fees. If a Wisconsin student was originally charged incorrect tuition and fee amounts, the reviewer must determine if the institution subsequently adjusted, credited, or refunded the difference. The reviewer must also determine if the correct cost of attendance was used when an eligible Wisconsin student applied for a SELF Loan or other aid which required the use of a cost of attendance figure. Finally, the reviewer must verify that each institution correctly completed

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its certification report listing for each Wisconsin reciprocity student the number of credits carried by category (undergraduate or graduate) and the amount of reciprocity tuition paid by the student during the term

REVIEW REQUIREMENTS

The audit report must report if the institution is in compliance with the terms of the Wisconsin reciprocity agreement. Any compliance exceptions must be listed by student with an accompanying explanation of the issue

Appendix A

Sample OHE Audit Report

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Introduction

The following is an actual audit report prepared by OHE staff. Audit reports are public information. However, since this report is being used as an example, OHE decided to replace some specific names and information with generic information. This report includes examples of comments, recommendations, and findings with requirements.

OHE is in the process of removing some “boiler plate” language in order to shorten future reports. This example is provided to highlight the different levels of non-compliance and how individual student situations must be documented by external reviewers when reporting to OHE.

MEMORANDUM

PROGRAM REVIEW NO.XX-XX-XX-XX

To: Financial Aid Director
Institution

From: XXXX XXXXXXXXXXXX
Program Reviewer

Date: Month Day, Year

Subject: Program review of state paid financial aid as administered by Institution for the 2013-14 academic year

The Minnesota Office of Higher Education (Agency) has completed a program review of state paid financial aid as administered by Institution. The scope of the program review included Institution’s administration of the Minnesota State Grant Program for the 2013-14 academic year. Other areas were reviewed as considered necessary.

The references cited in this review are located on the web at www.ohe.state.mn.us. Click on “High School and Campus Resources,” then “Campus Financial Aid Administrator Resources,” and then click on the appropriate program.

Minnesota State Grant Program

The Minnesota State Grant Program (State Grant) is governed under Minnesota Statutes, Sections 136A.095 to 136A.1311. The State Grant Program was established to provide

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assistance to Minnesota residents who lack the necessary financial resources to attend the eligible Minnesota postsecondary institution of their choice, and to encourage their further education.

The application for participation in the State Grant is initiated by the individual student. Institution calculates the student's awards and prepares the individual student payments. Institution is responsible for the monitoring of the student's academic standing and conformity to the Agency's rules and regulations, plus the proper disbursement of State Grant award payments to individual students.

During the 2013-14 academic year, the Agency allocated \$xxx,xxx in State Grant funds to Institution. Institution disbursed the full allocation of \$xxx,xxx to xxx student participants.

FINDING 1

Institution had procedural errors in performing the limit of postsecondary attendance review. (LPAR)

Reference:

MN Statute 136A.121, Subd. 9; and
Minnesota Financial Aid Manual, State Grant Program, July 2013, pages 14-22; Section I, part V

The limit on postsecondary education in the 2013-14 award year was the equivalent of eight full-time semesters of State Grant eligibility or 96 units. An otherwise eligible applicant in 2013-14 who did not have the equivalent of eight full-time semesters of postsecondary attendance was eligible for State Grant.

Institutions that disburse aid on a quarter system may exceed the maximum of 96 units by disbursing up to one more full-time quarter of aid to a student who has not accumulated more than 94.4 units.

When assigning units, all postsecondary education must be counted, including, but not limited to:

- Course work taken during military service if it was taken at a postsecondary institution;
- Course work taken at colleges in other states or countries;
- Independent study courses;
- Classes from which the student withdrew, failed, received no credit, repeated or earned an incomplete;
- Remedial course credit equivalencies allowed in determining enrollment status; and

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- Course work during terms for which State Grant awards were not available.

Because the Free Application for Federal Student Aid (FAFSA) does not contain data required to determine the amount of postsecondary education the student has attempted, the school must have the student complete the State Grant Student Eligibility Questionnaire (Appendix 2) or a similar form designed by the school. If the documentation the campus collects indicates the student may have attended three or more years of postsecondary education, including attendance at the current institution, the institution must request and evaluate the student's academic transcripts.

When reviewing transcripts to determine a student's units accumulated towards maximum State Grant eligibility, a separate grade transcript must be obtained from each postsecondary institution the student has attended. It is not sufficient to assign units based on a listing of transfer credits appearing on another institution's transcript because the student may have completed course work that did not transfer to the current institution. Either official transcripts or student copies are acceptable.

Student A

Student A began attending Institution on December 6, 2010. Prior to attending Institution, Student A attended a different institution. Institution performed a LPAR to count units accumulated towards maximum State Grant eligibility for enrollment at Institution; however, entered the incorrect credits for fall semester of 2008 at the prior institution. Student A was enrolled in 15 credits, but Institution only accounted for 11 credits. This error caused Student A's units accumulated towards maximum State Grant eligibility to be understated by 3.2 units. Student A was withdrawn from the institution as of December 8, 2013. It can be assumed that Student A was not over-awarded State Grant while enrolled at Institution; however, should Student A re-enroll at the institution, Institution must update the LPAR to accurately reflect all postsecondary attendance prior to awarding any State Grant. Student A is also mentioned in Finding 3, see below.

Student B

Student B began attending Institution on September 13, 2010. Prior to attending Institution, Student B attended a different institution. Institution performed a LPAR to count units accumulated towards maximum State Grant eligibility for enrollment at Institution; however, entered the incorrect credits for March of 2013 term at Institution. Student B was enrolled in eight credits, but Institution used nine credits. This error caused Student B's units accumulated towards maximum State Grant eligibility to be over-stated by .5 units. State Grant awards for Student B were not affected by this error. Student B reached the maximum allowable units

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following the September of 2014 term. Student B is also mentioned in Finding 4, see below.

Student C

Student C began attending Institution on March 19, 2012. Prior to attending Institution, Student C attended another institution. Institution performed a LPAR to count units accumulated towards maximum State Grant eligibility for enrollment at Institution; however, failed to account for credits attempted in the fall semester of 2006 and spring semester of 2007 at the prior institution. This error caused Student C's units accumulated towards maximum State Grant eligibility to be understated by 20.8 units. Although State Grant awards for Student C have not been affected by this error, Student C is actively attending Institution and the institution must update the LPAR to reflect the accurate units accumulated towards maximum State Grant eligibility to avoid Student C being over-awarded in future enrollment.

Student D

Student D began attending Institution on September 13, 2010. Student D did not have any prior postsecondary enrollment prior to attending Institution. Institution performed a LPAR to count units accumulated towards maximum State Grant eligibility for enrollment at Institution; however, entered the incorrect number of credits for multiple terms included on the transcript review. This error caused Student D's units accumulated towards maximum State Grant eligibility to be understated by 9.1 units. Student D was withdrawn from the institution as of February 16, 2014. It can be assumed that Student D was not over-awarded State Grant while enrolled at Institution; however, should Student D re-enroll at the institution, Institution must update the LPAR to accurately reflect all postsecondary attendance prior to awarding any State Grant. Student D is also mentioned in Finding 2, see below.

Student E

Student E began attending Institution on March 15, 2010. Prior to attending Institution, Student E attended another institution. Institution performed a LPAR to count units accumulated towards maximum State Grant eligibility for enrollment at Institution; however, entered the incorrect credits for the June 2014 term. Student E was enrolled in nine credits at Institution, but Institution used 13 credits on the transcript review. In addition, Institution included credits for six additional terms in which Student E was not enrolled. Student E graduated from Institution on September 11, 2014. Should Student E re-enroll at the institution, Institution must update the LPAR to accurately reflect all postsecondary attendance prior to awarding any State Grant.

Requirement 1A

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Institution must ensure staff is adequately trained and has a solid understanding of the LPAR rules and procedures. Reviews must be updated throughout a student's enrollment to ensure State Grant funds are awarded only to students who have not reached maximum State Grant eligibility.

Requirement 1B

Institution must update the LPAR transcript review worksheet for Student C who is, at the time of the program review, actively attending the institution.

FINDING 2

Institution awarded State Grant at the incorrect enrollment level on the date of disbursement.

Reference:

MN Statute 136A.121, Subd. 9; and
Minnesota Financial Aid Manual, State Grant Program, July 2014, pages 77, 84-90; Section I, part VII

Schools must generate State Grant payments based on the enrollment status as of the disbursement date. If a student withdrew from class prior to disbursement, those credits cannot be counted in student's enrollment level. If a student earned a grade of FN (failed but never attended) or FW (failed but stopped attending prior to finals) or the equivalent for a course, that course cannot be included in the student's enrollment level. Because the amount of the State Grant award varies based on the student's enrollment status, the school must make certain it is generating a payment for the appropriate enrollment level.

Student D

Student D began attending Institution on September 13, 2010. Student D was enrolled in and successfully completed nine credits during the September 2013 term, and withdrew from all 13.5 credits during the December 2013 term. Student D was considered to have been withdrawn from Institution as of February 16, 2014. During the 2013-14 award year, a level nine State Grant payment was a zero dollar award for a student with a zero dollar Expected Family Contribution (EFC). Institution disbursed two level 13 State Grant payments in the amount of \$100 each for the March 2014 and June 2014 terms. Student D was not enrolled at Institution during both terms, making Student D ineligible for both disbursements. In addition, it appears as though Student D would not have been considered to be making satisfactory academic progress in the

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2013-14 award year, making Student D not eligible for State Grant. Student D was over-awarded \$200 of 2013-14 State Grant. Student D is mentioned in Finding 1, see above.

Student F

Student F began attending Institution on March 19, 2012. Student F was enrolled in 13.5 credits during the June 2014 term, but only successfully completed 9 credits. Institution disbursed one level 13 State Grant payment in the amount of \$100 for that term. Because Student F received an F grade in one 4.5 credit course and the State Grant payment was made after the term was completed, Student F was only eligible to receive a level nine State Grant payment. During the 2013-14 award year, a level nine State Grant payment was a zero dollar award for a student with a zero EFC. Student F was over-awarded \$100 of 2013-14 State Grant. Student F is mentioned in Finding 3, see below.

Student K

Student K began attending Institution on March 17, 2014. Student K was enrolled in 13.5 credits and successfully completed 4.5 credits during the March 2014 term. Student K was enrolled in nine credits and was withdrawn from Institution on August 19, 2014, during the course of the June 2014 term. Institution disbursed one level nine State Grant payment in the amount of \$271 for the June 2014 term on January 7, 2015. Because Student K withdrew from all courses for the June 2014 term, Student K was not eligible for a 2013-14 State Grant disbursement. Student K was over-awarded \$271 of 2013-14 State Grant.

Student L

Student L began attending Institution on September 17, 2012. Student L was enrolled in 13.5 credits during the June 2013 term, but only successfully completed nine credits. Institution disbursed one level 13 State Grant payment in the amount of \$936 for that term. Because Student L received an F grade in one 4.5 credit course and the State Grant payment was made after the term was completed, Student L was only eligible to receive a level nine State Grant payment in the amount of \$326. Student L was over-awarded \$610 of 2013-14 State Grant. In addition, during the March 2014 term, Student L was enrolled in and successfully completed 13.5 credits. Institution failed to disburse \$936 to Student L for the March 2014 term. Student L was over-awarded \$610 and under-awarded \$936 for a net under-award of \$326 of 2013-14 State Grant.

Student M

Student M began attending Institution on September 16, 2013. Student M was enrolled in and

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successfully completed 13.5 credits during the September 2013 term. Institution disbursed one level 13 State Grant payment in the amount of \$1,011 on January 7, 2015 for the September term. Student M was enrolled in 13.5 credits during the December 2013 term, but only successfully completed nine credits. Institution disbursed one level 13 State Grant payment in the amount of \$1,011 for that term on January 7, 2015. Because Student M received an F grade in one 4.5 credit course and the State Grant payment was made after the term was completed, Student M was only eligible to receive a level nine State Grant payment in the amount of \$401. Student M was over-awarded \$610 of 2013-14 State Grant. Student M withdrew during the March 2014 term.

Student N

Student N began attending Institution on March 14, 2014. Student N was enrolled in and successfully completed 13.5 credits during the March 2014 term. Institution disbursed one level 13 State Grant payment in the amount of \$651 on January 7, 2015 for the March term. Student N was enrolled in 13.5 credits during the June 2014 term, but only successfully completed nine credits. Institution disbursed one level 13 State Grant payment in the amount of \$651 for that term on January 7, 2015. Because Student N received an F grade in one 4.5 credit course and the State Grant payment was made after the term was completed, Student N was only eligible to receive a level nine State Grant payment in the amount of \$40. Student N was over-awarded \$611 of 2013-14 State Grant.

Requirement 2A

Institution must ensure State Grant payments are generated based on the correct enrollment status as of the disbursement date. Institution must retain documentation in the student's file that verifies the student's eligibility and enrollment status on the date State Grant is disbursed. Payments must be made to student account statements based on the enrollment level at the end of the term for which the payment is made.

Requirement 2B

Institution must return \$200 of 2013-14 State Grant to the Agency for Student D.
Institution must return \$271 of 2013-14 State Grant to the Agency for Student K.

Requirement 2C

The Agency will not require at this time that Institution return over-awards as a result of students receiving an F grade during the 2013-14 award year since it may be impossible to determine whether the student attended the final exam. The Agency's assumption that all "F" grades were

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not fully earned by virtue of the students completing the course including its final exam requires that each instance must be noted as a finding. This assumption will stand unless the institution can provide documentation that the student sat for the final exam.

FINDING 3

Institution failed to disburse State Grant to multiple students.

Student A

Student A began attending Institution on December 6, 2010. Student A was enrolled in and successfully completed eight credits during the September 2013 term; however, Institution failed to disburse State Grant to Student A for that period of instruction. Student A was under-awarded \$277 of 2013-14 State Grant for the September 2013 term. Institution also failed to disburse State Grant to Student A for the September 2012, December 2012 and March 2013 term. Student A filed a 2012-13 FAFSA on April 10, 2012, and appears to have been eligible for State Grant funds during the 2012-13 award year. Student A is mentioned in Finding 1, see above.

Student F

Student F began attending Institution on March 19, 2012. Student F filed a 2011-12 FAFSA on February 16, 2012, and appears to have been eligible for State Grant funds during the 2011-12 award year. Student F did not receive State Grant funds during the 2011-12 award year. Student F is mentioned in Finding 2, see above.

Student G

Student G began attending Institution on September 16, 2013. Student G was enrolled in and successfully completed 13.5 credits during the September 2013, December 2013, and March 2014 terms. Institution disbursed State Grant correctly at a level 13 for the September and December terms; however, Institution failed to disburse State Grant to Student G for the March 2014 term. Student G was under-awarded \$936 of 2013-14 State Grant for the March 2014 term. Student G is mentioned in Finding 5, see below.

Student H

Student H began attending Institution on September 17, 2012. Student H was enrolled in and successfully completed 13.5 credits during the June 2013, September 2013 and December 2013 terms. Institution disbursed State Grant correctly at a level 13 in the amount of \$1,879 for the June and September terms; however, Institution failed to disburse State Grant to Student H for

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the December 2013 term. In addition, Student H was enrolled in and successfully completed nine credits during the March 2014 term. Institution failed to disburse a level nine State Grant payment in the amount of \$949 for March of 2014. Student H was under-awarded \$2,828 in 2013-14 State Grant. Student H is also mentioned in Finding 5, see below.

Student P

Student P began attending Institution on June 17, 2013. Student P was enrolled in and successfully completed 13.5 credits during the June 2013, September 2013 and December 2013 terms. Institution disbursed State Grant correctly at a level 13 for the June term; however, Institution failed to disburse State Grant to Student P for the September 2013 and December 2013 terms. Student P was under-awarded \$896 of 2013-14 State Grant. Student P was enrolled in 13.5 credits but only successfully completed 4.5 credits during the March 2014 term. Student P was not eligible for a State Grant payment at a level 4 during the 2013-14 award year. Student P was withdrawn from Institution prior to completing the September 2014 term.

Student Q

Student Q began attending Institution on September 17, 2012. Student Q was enrolled in and successfully completed 13.5 credits during the June 2013, September 2013, December 2013 and March 2014 terms. Institution disbursed State Grant correctly at a level 13 for the June term; however, Institution failed to disburse State Grant to Student Q for the September 2013, December 2013 and March 2014 terms. Student Q was under-awarded \$2,025 of 2013-14 State Grant. Institution also did not disburse State Grant to Student Q for the September 2012, December 2012 and March 2013 terms. Student Q filed a 2012-13 FAFSA on September 17, 2012, and appears to have been eligible for State Grant funds during the 2012-13 award year.

Requirement 3A

Institution must ensure that students who are eligible for State Grant receive the exact amount they are entitled to receive each academic year.

COMMENT

In addition to the students listed above in Finding 3, the Agency found three additional students who were under-awarded State Grant funds during the 2011-12 and 2012-13 award years. The Agency estimates these students in total were under-awarded \$1,138 in State Grant funds between the two award years.

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FINDING 4

Institution used the incorrect tuition and fee maximum when calculating the State Grant award for one student.

Reference:

Minnesota Financial Aid Manual, State Grant Program, July 2013, pages 45; Section I, part VI

The Legislature sets a separate nine-month annual full-time tuition and fee maximum for students enrolled in a four-year degree program and another for students enrolled in a two-year degree or shorter credential program.

Student B

Student B began attending Institution on September 13, 2010. Student B graduated from Institution on June 9, 2013 with an associate's degree. Student B re-enrolled at Institution on June 16, 2014 enrolled in a Bachelor's program and is currently attending. Student B was enrolled in 13.5 credits and successfully completed nine credits. Institution disbursed a level 13 State Grant payment of \$100 to Student B for that term; however, Student B was only eligible to receive a level 9 State Grant payment. In addition, Institution used the incorrect two- year degree tuition and fee maximum when calculating the State Grant award. Because Student B was now enrolled in a Bachelor's program, Institution should have used the four-year degree program tuition and fee maximum when calculating the award. Student B was eligible for a State Grant disbursement of \$679. Student B was under-awarded \$579 of 2013-14 State Grant for June 2014 term. Student B reached maximum allowable units following the September of 2014 term. Student B is mentioned in Finding 1, see above.

Requirement 4A

Institution must ensure that they are using the correct tuition and fee maximum when calculating the State Grant award for students.

FINDING 5

Institution made several errors when posting State Grant to the individual student account statements.

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MN Statute 136A.131, Subd.1; and
Minnesota Financial Aid Manual, State Grant Program, July 2013; page 72, Section I, part VII
and page 108, Section I, part X

Each school may disburse funds to students using one or a combination of the following methods. The institution may make State Grant payments:

- to the student's account (preferred method),
- to the student by Electronic Funds Transfer (EFT),
- by institutional check directly to the student, or
- by an institutional check that is mailed to the student.

Whichever methods of disbursement are used, the school must document the date of disbursement and the amount of State Grant payment disbursed to the student. The Agency holds schools liable for improperly disbursed checks.

Student G

Student G began attending Institution on September 16, 2013. Student G was enrolled in and successfully completed 13.5 credits during the September 2013 term. Student G was eligible for a level 13 State Grant disbursement in the amount of \$936. On November 6, 2013 Institution disbursed \$936 to Student G's account statement for the September 2013 term. On January 7, 2015, Institution disbursed a second disbursement in the amount of \$936 to Student G's account statement for the September 2013 term. Institution posted the payment for the incorrect term. Institution should have posted the January 7, 2015 disbursement for the December 2013 term. During the course of the program review, Institution corrected the error, at the Agency's request. There are no further requirements for Student G. Student G is mentioned in Finding 3, see above.

Student H

Student H began attending Institution on September 17, 2012. Student H was enrolled in and successfully completed 13.5 credits during the June 2013, September 2013 and December 2013 terms. Student H was enrolled in and successfully completed nine credits during the March 2014 term. Institution disbursed two level 13 State Grant payments in the amount of \$1,879 each for the June and September terms on November 6, 2013. On January 7, 2015, Institution disbursed a second disbursement in the amount of \$1,879 each to Student H's account statement for the June and September terms. The State Grant payments posted to Student H's account statement on January 7, 2015 were posted in error and need to be reversed. The Agency only sent \$3,758 in 2013-14 State Grant money to Institution for Student H.

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Because Student H was eligible to receive a total of \$6,586 in State Grant funds during the 2013-14 award year, the Agency has created a manual payment request for December 2013 in the amount of \$1,879 and \$949 for March of 2014 term on Institution's behalf.

Institution must reverse the two payments posted on January 7, 2015, and post the appropriate amount in State Grant funds for the December 2013 term and March 2014 term once received from the Agency. Institution must send an updated student account statement as a requirement for Student H.

Student H is mentioned in Finding 3, see above.

Student I

Student I began attending Institution on September 17, 2012. Student I was enrolled in 13.5 credits and successfully completed nine credits during the June 2013 term. During the September 2013 and December 2013 terms, Student I was enrolled in and successfully completed 13.5 credits. During the March 2014 term, Student I was enrolled in and successfully completed nine credits. During the 2013-14 award year, a level nine State Grant payment was a zero dollar award for a student with a zero EFC. On November 6, 2013 Institution disbursed \$100 to Student I's account statement for the September 2013 term. On January 7, 2015, Institution disbursed a second disbursement in the amount of \$100 to Student I's account statement for the September 2013 term. In addition, Institution disbursed \$100 to Student I's account statement for the December 2013 term, which was correct. Student I was only eligible for \$200 in 2013-14 State Grant. The Agency only sent \$200 in 2013-14 State Grant money to Institution for Student I. Institution must reverse the \$100 disbursement posted to Student I's account statement on January 7, 2015 for the September 2013 term and send the Agency an updated student account statement as a requirement for Student I.

Student J

Student J began attending Institution on March 19, 2012. Student J was enrolled in and successfully completed nine credits during the September 2013 term. On November 6, 2013 Institution disbursed \$42 to Student J's account statement for the September 2013 term. On January 7, 2015, Institution disbursed a second disbursement in the amount of \$42 to Student J's account statement for the September 2013 term. During the course of the program review, Institution corrected the error, at the Agency's request. There are no further requirements for Student J.

Student O

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Student O began attending Institution on June 17, 2013. Student O was enrolled in and successfully completed 13.5 credits during the June 2013 term. On August 26, 2013 Institution disbursed one level 13 State Grant payment to Student O's account statement from the 2012-13 award year. In error, Institution posted the State Grant payment as a 2013-14 payment. Institution must correct the error and send the Agency an updated student account statement as a requirement for Student O.

Requirement 5A

Institution must ensure that the correct State Grant payment amount is disbursed to each student's account.

Requirement 5B

Institution must submit an updated student account statement for Students H, I and O.

State Grant Account Reconciliation

FINDING 6

Institution did not follow the required reporting schedule with the Agency.

Reference:

Minnesota Financial Aid Manual, State Grant, July 2014, p. 93-94, sec. VII, parts C and D
Minnesota Financial Aid Manual, State Grant, July 2014, p. 112-114, sec. X, part D
Minnesota Financial Aid Manual, Introduction, July 2014, 'Calendar of Financial Aid Events and Reporting Deadlines'

Each school is responsible for submitting a batch containing Decentralized Delivery System (DDS) records for both State Grant recipients and no-need students to the Agency on at least a monthly basis. This is to ensure that the State Grant database contains current information about awards and payments for the fiscal year in question.

Institutions must submit their initial DDS batch to the Agency prior to making any disbursements in order for the Agency to check for hold data and verify accuracy of awards and payments. While submitting DDS batches to the Agency on at least a monthly basis, schools must incorporate the following reporting deadlines:

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- Schools must submit a DDS batch suitable for production prior to receiving their initial funds for the new aid year. For schools who process aid for the leading summer term, the initial batch must be submitted in June. For schools with aid years starting with fall term, the initial batch must be submitted by August 1.
- Schools with payments for the leading summer term must submit a batch reflecting payment activity by July 15.
- Fall term payment activity for terms starting in August or September must be reported no later than October 1. For fall terms starting in early October, fall term payment activity must be reported no later than October 15.
- Winter payment activity must be reported no later than January 15.
- Spring term payment activity for terms starting in January or February must be reported no later than March 1. For spring terms starting in March or early April, spring term payment activity must be reported no later than April 15.
- Trailing summer term awards and enrollment levels must be reported as soon as students have enrolled for the trailing summer term. Payment activity must be reported by July 1.
- Schools must submit an error-free final batch to the Agency by August 31 along with a refund of all unused funds from that aid year.

The required deadline to close the 2013-14 award year with the Agency was August 31, 2014. As of August 31, 2014, Institution had not paid State Grant to several students for the 2013-14 award year.

The reporting and payment schedule at Institution has not and continues to be not in compliance with the Agency's requirements. Institution must submit DDS reports accordingly with the schedule outlined above during the award year. Institution must request funds upon receipt of a roster of accepted payments, and post payments to the student account statements using the correct disbursement date (the date funds are posted to the student account statement). For almost all students in the sample group, Institution reported a disbursement date of xxxx xx, xxxx, which was incorrect. Institution posted a majority of the payments on xxxx x, xxxx.

At the end of each fiscal year, the financial aid office must reconcile its record of State Grant disbursements with:

- The Agency's records of State Grant disbursements, and
- The college business office's records of State Grant disbursements.

Requirement 6A

Effective immediately for the current academic year, Institution must submit a batch containing Decentralized Delivery System (DDS) records for both State Grant recipients and no-need

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students to the Agency on at least a monthly basis. Upon receipt of the funds requested, Institution must disburse the funds to the student account statements using the correct disbursement date. Institution must then reconcile the financial aid office's State Grant disbursement records for the award year with the business office's records, and submit a copy of that reconciliation to the Agency prior to the deadline.

Refund Policy

The Agency's review of Institution's administration of the U.S. Department of Education and State of Minnesota tuition refund policy statutes and rules did not find any instances of non-compliance; accordingly, there are no requirements at this time.

RECOMMENDATION

In Institution's current catalog under a heading for Minnesota Financial Aid Programs, Institution states that any refunds required to the State Grant and SELF loan programs are returned "pursuant to the MHESO Refund Calculation Worksheet in Appendix 14 of the Minnesota State Grant Manual". This information should be updated to reflect the current name of the Agency, the "Minnesota Office of Higher Education", and the current manual's Appendix, which is Appendix 13a. In addition, the existing "Distribution Priority" paragraph referring to refunds to Minnesota aid programs is incorrect because the Agency's refund policy does not require full reimbursement of Minnesota aid before any remaining credit balance on a student's account is released to the student, nor is it required prior to making refunds to other programs. There are some cases in which this may be required, but to apply this in all cases would result in a finding against Institution.

Satisfactory Academic Progress Policy

Federal and Minnesota regulations require each school to have a definition of good standing and satisfactory progress that meets specific requirements. The Federal requirements are found in 34 CFR 668.16(e), 668.34, and 668.43(c)(2). Minnesota regulations are found in Minnesota Statute 136A.101, Subdivision 10.

The Agency's review of Institution's administration of the U.S. Department of Education and State of Minnesota Satisfactory Academic Progress Policy (SAP) statutes and rules did not find any major issues of non-compliance.

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Schools are required to follow the SAP requirements in state law, which adopts the SAP requirements used for federal student financial aid programs as defined in the Code of Federal Regulations Title 34, Sections 668.32 and 668.34. To be making SAP, a student is expected to complete a program within a specified time frame and maintain a grade point average consistent with graduation requirements.

Institution must use the language outlined in the federal statute in its SAP policy defining warning, probation, appeal, and academic plan (when academic plans are used). According to federal SAP regulations, an institution must review a student's academic progress in a program at the end of the federal payment period to determine if a student is eligible for subsequent payments. Evaluations must take place on the day the student reaches the end of the payment period.

If a student is not meeting the pace, maximum timeframe, and grade point average requirements set forth by the institution at any official evaluation point, the student must be placed on federal and state financial aid warning, if a warning period is used. Following one warning period, if a student has still not met SAP requirements, he or she must be disqualified from federal and state financial aid eligibility. A student may appeal his or her status, and may be required to complete an academic plan in order to remain eligible for federal and state financial aid programs, if an academic plan is used. Institution may allow students to appeal and, if appeals are granted, place the students on probation for one payment period and determine if an academic plan is required. An academic plan is required if a student cannot mathematically achieve SAP standards within one probationary payment period. If an appeal is not granted, the student must be immediately disqualified from receiving federal and state financial aid. Students cannot be placed on probation unless an appeal is filed and approved. Students on warning and probation are not considered to be making SAP.

RECOMMENDATION

The current SAP policy at Institution states that a student is considered to be making satisfactory academic progress during the academic quarter of the student's academic and financial aid probation. Institution must revise this language in the SAP policy to read that students are not considered to be making satisfactory academic progress during periods of warning or probation. Students are; however, eligible to receive federal, state, and other student financial aid while on probation.

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Exit Conference

On xxxxxx x, xxxx, an exit conference was conducted by an Agency Program Reviewer, with the following staff from Institution:

xxxxxx, Director

I would like to thank xxxxxx, and the staff for their help and cooperation during the program review.