



ADMINISTRATIVE POLICY

Financial Aid Fraud Prevention (SA 1)

POLICY STATEMENT

In order to protect the integrity of its federal Title IV, State of Nevada, and NSC institutional financial aid programs, NSC complies with all existing statutory and regulatory requirements to disburse aid only to eligible students, to identify and resolve discrepancies in student information, to ensure all requirements regarding the regulatory definition of “regular students” status are met, and to report any suspected fraud to the Office of the Inspector General of the U.S. Department of Education. To that end, NSC actively monitors, reviews, and reports any suspected behavior or activity to fraudulently secure financial aid funds.

Although all NSC departments (academic and administrative) share responsibility for preventing fraud, the Office of Financial Aid and Student Employment is responsible for monitoring and resolving discrepancies in the information received from different sources with respect to a student’s application for financial aid. If NSC suspects that a student, employee, or other individual has misreported information and/or altered documentation to increase student aid eligibility or to fraudulently obtain federal funds, NSC will report those suspicions and provide any evidence to the Department of Education’s Office of Inspector General. In addition, a student who attempts to obtain financial aid by fraud may be referred to the Office of Provost or his/her designee for possible disciplinary action and may be suspended from receiving financial aid. Employees who assist with fraudulent misrepresentation or misinformation may be subject to the College’s established disciplinary procedures.

All credit-bearing courses and programs offered through in-person and distance learning methods must verify that the student who registers for a distance education course or program is the same student who participates in and completes the course or program and receives academic credit. Online course developers and instructors must provide a substantive means of determining participation in a course to facilitate the accurate completion of course roster verification.

In recent years, Federal financial aid has experienced an increase in financial aid fraud, particularly with respect to distance education. An institution without effective fraud prevention policies risk disbursing aid to students who have no intent on completing coursework, thereby harming the institution and its students by increasing the cohort loan default rate and increasing receivables that most likely will never be recovered, and further failing in its responsibility as a steward of the taxpayer investment in the student assistance programs. This policy establishes procedures to ensure compliance with existing statutory and regulatory requirements governing financial aid.

DEFINITIONS

Fraud: The willful misrepresentation or falsification of information for the purpose of securing financial aid that the individual is not eligible for or not eligible to the extent received. Financial aid fraud can take many forms, including, but not limited to the following:

- Falsified information or forged signatures on an application, verification documents, or loan promissory notes.
- False statement of income.
- False statements of citizenship.

- Use of false or fictitious names or aliases, addresses, or Social Security Numbers (SSN), including the deliberate use of multiple SSNs.
- False claims of independent status.
- Receipt of financial aid without the intent of use for educational purposes or intent to complete academic requirements.
- Patterns of misreported information.

Substantive Participation: The level at which student participation in class reaches the threshold for a student to have begun attendance.

- Online Courses: At minimum, completion of one graded assignment relating to course-specific subject matter.
- In-person Courses: In-person attendance in one of the first two class meetings.

PROCEDURES

I. Office of Financial Aid and Student Employment

- A. Identify and investigate student records if there are multiple applications with identical email addresses, physical addresses, identical IP address, and/or phone numbers. On a regular basis, at minimum just prior to disbursement authorization, the Office will run customized queries to identify potential fraud cases.
- B. Select the applications of applicants suspected of fraud for “Verification” as defined in 34CFR 668.56 and 34CFR 668.57, and also will require those applicants to:
 - 1) Complete a Statement of Educational Purpose and Certification of Identity form.
 - i. An applicant must appear in person and present the following documentation to an NSC Financial Aid Administrator to verify the applicant’s identity—
 1. A valid government-issued photo identification, such as but not limited to a driver’s license, non-driver’s license, military identification or passport; and
 2. A signed Statement of Educational Purpose and Certification of Identity form certifying that the student financial assistance received will only be used for educational purposes to pay the cost of attending NSC for the current award year.
 - ii. For documentation presented in person, an institution must maintain, an annotated copy of the identification submitted by the applicant that includes—
 1. The date the documentation used to verify the applicant’s identity was received; and
 2. The name of the institutionally-authorized individual that obtained the documentation from the applicant.
 - iii. If an applicant is unable to appear in person, he or she must provide the institution with—
 1. A copy of a valid government-issued photo identification, such as but not limited to a driver’s license, non-driver’s license, military identification or passport; and
 2. An original notarized Statement of Educational Purpose and Certification of Identity signed by the applicant certifying that the student financial assistance received will only be used for educational purposes to pay the cost of attending NSC for the current award year.
 - 2) Complete a Certification of Address form.

- i. An applicant must appear in person and present the following documentation to an NSC Financial Aid Administrator to verify the applicant's identity and address—
 1. A valid government-issued photo identification, such as but not limited to a driver's license, non-driver's license, military identification or passport; and
 2. A signed Certification of Address listing the applicants current residential address, substantiated by two documents from two different sources from the following list, showing the addressee's name and address:
 - a. Utility or credit card bill issued in the past 90 days
 - b. Deed, mortgage or property tax bill, statement or receipt from the past year
 - c. First class mail received from any federal, state or local government agency in the past 6 months
 - d. Checking or savings account statement from a bank or credit union issued in the past 60 days
 - e. Original lease or rental agreement
 - ii. If an applicant is unable to appear in person, he or she must provide the institution with—
 1. A copy of a valid government-issued photo identification of the addressee, such as but not limited to a driver's license, non-driver's license, military identification or passport; and
 2. An original notarized Certification of Address, completed by the applicant or addressee listing the applicants current residential address, , substantiated by two documents from two different sources
 3. from the following list, showing the addressee's name and address:
 - a. Utility or credit card bill issued in the past 90 days
 - b. Deed, mortgage or property tax bill, statement or receipt from the past year
 - c. First class mail received from any federal, state or local government agency in the past 6 months
 - d. Checking or savings account statement from a bank or credit union issued in the past 60 days
 - e. Original lease or rental agreement
 - iii. If the applicant is unable to provide the required documentation to complete the Certification of Address, a person living at the same address who can provide such documentation will be required to complete and sign the form.
- C. Define separate disbursement authorization dates for online and dynamically-dated courses (i.e. late start or accelerated courses) and hold authorizations until substantive participation is established by academic faculty.
- D. Maintain a list of suspected students on the shared network for review by NSC offices. Other departments may report suspicious activity, behavior or data to the Office for further investigation.

II. Admissions Office

- A. Run customized queries to identify students using identical email addresses, physical addresses, IP addresses, and/or phone numbers and send to the Office of Financial Aid and Student Employment for follow up.

- B. Include a disclaimer on the admission application that intentional misinformation may result in admission acceptance revocation, suspension, or further information needed from applicant.

III. Office of the Registrar

- A. Prior to matriculation, review suspected students list (maintained by the Office of Financial Aid and Student Employment) and prohibit matriculation until all requirements imposed by the Office of Financial Aid and Student Employment, are satisfied.

IV. Cashier’s Office

- A. Prior to issuing student refunds, run customized queries to identify suspected fraudulent activities. If suspected activities are discovered, hold the refund and alert via email the Office of Financial Aid and Student Employment.

V. Academic Faculty

- A. Strictly adhere to the College’s e-alert policy by issuing a Substantive Participation notification through NSC’s e-alert system that identifies students actively participating in courses.

FORMS/INSTRUCTIONS

Statement of Educational Purpose and Certification of Identity
Certification of Address form

CONTACTS

SUBJECT	CONTACT	PHONE	EMAIL
Primary Contact	Neil Woolf	702-992-2169	Neil.Woolf@nsc.edu
Suspected Fraud	Anthony Marone	702-992-2156	Anthony.Marone@nsc.edu

RELATED INFORMATION

34 CFR 668.16(g)
Dear Colleague Letter (GEN-11-17)

HISTORY

APPROVAL SIGNATURES PAGE

Provost Beck (Approved January 25, 2013)

President Patterson (Approved January 25, 2013)