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Applies To: Colleges
Procedure Responsibility: Treasury

Third Party Contracts – Sponsored Students

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Section 7.3.1 – General

A. Third party contracts are credit agreements between KCTCS colleges and corporations or governmental agencies. The organization or agency agrees to sponsor one or more students and pays all or part of their tuition, fees, and expenses. It is the organization or agency that determines what portion of which expenses it will pay.

B. There shall be a contract or written agreement between the sponsoring entity and a college of the Kentucky Community and Technical College System defining the terms and conditions of the sponsorship.

C. Third party sponsorships are considered assistance for the purposes of calculating a student's financial aid needs based assessment. College business and financial aid offices both have responsibilities for the processing of these funds and should work closely to ensure they are managed appropriately.

Section 7.3.2 – Third Party Sponsors

A. KCTCS students are the recipients of numerous third party sponsored assistance programs. KCTCS colleges generally work directly with many third party sponsors on the student's behalf to collect sponsor assistance payments, which are subsequently credited to the student's account receivable at the college.

Procedurally, these sponsors can be categorized into three distinct groups:

1. Programs either sponsored or managed by the Kentucky Higher Education Assistance Authority (KHEAA). Major programs include:
   a. Kentucky National Guard Tuition Award Program
   b. KHEAA Early Childhood Development Scholarship
   c. KHEAA Teacher Scholarship Program

2. Robinson Scholars Program

3. All other third party agreements outside of KHEAA and Robinson Scholars. Some major sponsors include:
   a. Kentucky Department of Vocational Rehabilitation
   b. Kentucky Department for the Blind
   c. Office of Veterans Affairs
   d. Workforce Investment Act (WIA) – Formerly JTPA

B. Additional information regarding third party assistance programs and third party sponsors can be found in the KCTCS Student Catalog within the Financial Aid section.

Section 7.3.3 – KHEAA Third Party Agreements

A. All funds received by KCTCS colleges are transferred via an electronic funds transfer (EFT) from KHEAA and deposited into the KCTCS Central Depository Bank. The System Office Student Financials Department records the deposits in the Peoplesoft (PS) General Ledger to the following college specific chartfields:

Business Unit	Fund	Account	Department	Program	Class	Debit Amount	Credit Amount
XXXXX	01	10005	9999999999	99999	00	$XXX.XX	
XXXXX	01	16050	9999999999	99999	00		$XXX.XX

B. When funds are received, the college is notified by the Office of Student Financial Aid via email to the college financial aid office with a copy to the college business office. It is the responsibility of the college financial aid office to credit the student's account by processing a disbursement through the PS Student Administration Financial Aid module. This results in a payment to the student account in the PS Student Financials module and the resulting entries to the General Ledger:

The General Ledger transaction noted below results in a zero balance in the clearing account.

Business Unit	Fund	Account	Department	Program	Class	Debit Amount	Credit Amount
XXXXX	01	16050	9999999999	99999	00	$XXX.XX	
XXXXX	01	12100	9999999999	99999	00		$XXX.XX

Section 7.3.4 – Return of KHEAA Third Party Payments

A. It may be necessary to return payments to KHEAA. An example of a situation requiring a return would be a student for which a payment has been received who subsequently withdrew from KCTCS.

B. In these cases, KHEAA requires these funds to be returned to them, through an electronic fund transfer. When it has been determined by the college that KHEAA funds should be returned, they will notify the System Office Treasury Department via email requesting return of the funds, providing information on the type of payment (National Guard, Teachers, etc.), the amount of the return, and the college for which the payment was originally accepted. The Treasury Department will transmit the funds back to KHEAA, and post the following General Ledger entries:

Business Unit	Fund	Account	Department	Program	Class	Debit Amount	Credit Amount
XXXXX	01	16050	9999999999	99999	00	$XXX.XX	
XXXXX	01	10005	9999999999	99999	00		$XXX.XX

C. If the funds have been disbursed to the student's account, the disbursement should be reversed through the PS Student Administration Financial Aid Module.

D. The college financial aid office is responsible for appropriate notification to KHEAA of the return.

Section 7.3.5 – Robinson Scholars Third Party Agreement

A. Students at certain KCTCS colleges are the recipients of assistance from the Robinson Scholars Program. These funds are received on behalf of all colleges by the System Office via check or wire transfer and are deposited into the KCTCS Central Depository Bank. The System Office Treasury Department records the deposits in the Peoplesoft (PS) General Ledger to the following college specific chartfields:

Business Unit	Fund	Account	Department	Program	Class	Debit Amount	Credit Amount
XXXXX	01	10005	9999999999	99999	00	$XXX.XX	
XXXXX	01	16020	9999999999	99999	00		$XXX.XX

B. Colleges receive notification from the Robinson Scholars Program regarding award information. It is the responsibility of the college financial aid office to credit the student's account by processing a disbursement through the PS Student Administration Financial Aid module. This results in a payment to the student account in the PS Student Financials module and the resulting entries to the General Ledger:

Business Unit	Fund	Account	Department	Program	Class	Debit Amount	Credit Amount
XXXXX	01	16020	9999999999	99999	00	$XXX.XX	
XXXXX	01	12100	9999999999	99999	00		$XXX.XX

The above General Ledger transactions should result in a zero balance in the clearing account.

Section 7.3.6 – Return of Robinson Scholars Third Party Payments

A. It may be necessary to return payments to the Robinson Scholars Program. An example of a situation requiring a return would be a student for which a payment has been received and who subsequently withdrew from KCTCS. In these cases, the college financial aid office should not process a disbursement for the student through the PS Student Administration System (if the disbursement was processed, it should be reversed through the PS Financial Aid Module). This will allow the unused funds to remain in the clearing account. A check request should be prepared and submitted by the college, payable to the Robinson Scholars Program, charging the following General Ledger chartfield:

Business Unit	Fund	Account	Department	Program	Class	Amount
XXXXX	01	16020	9999999999	99999	00	$XXX.XX

B. The college financial aid office is responsible for appropriate notification to the Robinson Scholars Program of the return.

Section 7.3.7 – All Other Third Party Agreements

A. Third party agreements exclusive of the KHEAA and Robinson Scholars sponsored third party programs are processed entirely at the college level.

Colleges are responsible for all facets of management, to include ensuring there are proper agreements on file with the sponsoring agency, students are identified with the correct contract, invoices are sent and payment received timely and in accordance with the agreement, and appropriate cash handling procedures are followed.

B. These third party agreements shall be established within the Student Financials feature and shall be administered in accordance with the processes and procedures as outlined in the Third Party Contract chapter of the “Peoplesoft Student Financials User Guide”. The Users Guide can be found in its entirety on DocuShare. Questions regarding the Student Financials Third Party Contract feature should be referred to the KCTCS Student Administration Help Desk by email.

C. The college business office is responsible for the management of all other third party contracts. However, these payments benefiting students are included when calculating the student’s financial aid need based assessment. Therefore, the business and financial aid offices of each college should communicate regularly on the processing of these type payments.

Section 7.3.8 – Return of All Other Third Party Payments

A. It may be necessary to return payments of other third party receipts to the sponsoring agency if the sponsor payment exceeds the charges placed on the third party account. In these cases, the entire payment received should be posted to the third party account, which will place the account into a refund or "excess pay" status.

B. Refunds or "excess pay" from a credit card payment:

a. The college should prepare and submit a check request to the System Office Student Financials Department to the third party sponsor for the refund amount. The following chart field shall be used on the check request:

Business	Fund	Account	Department	Program	Class	Amount	Unit
26000	01	16035	9999	9999999	9999	00	$XXX.XX

b. The college must also provide the PS third party org ID; contract number; term; student ID; original payment date, and reference number from the Review Transaction Log in the description section of the check request. The System Office Student Financials Department

will process all necessary entries in PS Student Financials Module to record the refund using item type 122600000001.

c. Using the check request as authorization to process the refund, the System Office Student Financials Department will process a refund back to sponsor's credit card.

C. Refunds or "excess pay" from all other forms of payment:

a. The college should prepare and submit a check request to the System Office Accounts Payable to the third party sponsor for the refund amount. The following chart field shall be used on the check request:

Business	Fund	Account	Department	Program	Class	Amount
					Unit	
XXXXX	01	12100	9999999999	9999	00	$XXX.XX

b. The college must also provide the PS third party org ID, contract number; term and student ID in the description section of the check request. The Accounts Payable Department will forward to System Office Student Financials Department for final approval of the request. The System Office Student Financials Department will process all necessary entries in PS Student Financials Module to record the refund.

Section 7.3.9 – Local College Discretion for Special Needs

An instance may occur from time to time where it is in the interest of the college to defer the billing of the third party for student(s) until the term has ended and grades are posted. In such an instance, the college president/CEO shall have the discretion to bill the third party as deemed appropriate by the college. Example: A particular organization (third party payer) is to pay for its employees' provided the employees receive a grade of "C" or better for the course(s) taken. Further, for whatever reason the third party organization has requested not to be billed until the term has ended and grades are posted. Students receiving a grade less than a "C" have been requested to be removed from the third party billing and billed personally. In such an instance, the college president/CEO may grant an exception of the normal and preferable method of having the student pay and the third party organization pay the student. The exception would be on a case by case basis. ***Note:*** Upon notification by the third party that they are no longer paying for a student, the student's account becomes an individual student receivable. An invoice should immediately be sent to the student following the normal collection process as outlined in Business Procedure 7.4.

End of Procedure