

Student Financial Aid Fraud Prevention Procedures

Finance and Administration

Financial Aid

Section 1: References and Resources

VPCC Related Policy: 602.01 Student Financial Aid Prevention Policy

VCCS Related Policy: N/A (none exists)

External Source Mandate: College Financial Aid Departments must maintain financial aid fraud prevention and mitigation frameworks under Federal Title IV Administrative Capability standards and Federal Trade Commission (FTC) Safeguards/Red Flags Rules, which State Council of Higher Education for Virginia (SCHEV) institutional policies strongly reinforce.

External Resource:

- Title IV Administrative Capability ([34 CFR § 668.16\(f\) & \(g\)](#))
- The Federal Trade Commission (FTC) Red Flags Rule ([16 CFR Part 681](#))
- Federal Student Aid (FSA) Real-Time Fraud Systems (2026 Electronic Announcements): Per Federal Student Aid guidance ([APP-26-03](#))
- Code of Virginia ([§ 23.1-600 et seq.](#))
- The State Council of Higher Education (SCHEV) Regulations ([Code of Virginia § 23.1](#))

Section 2: Purpose

The purpose of this Policy and Procedure is to establish a comprehensive framework for the detection, prevention, mitigation, and reporting of institutional and student financial aid fraud. Virginia Peninsula Community College (VPCC) is committed to maintaining the highest standards of administrative capability, fiscal responsibility, and ethical conduct. To that end, this policy ensures the integrity of all student financial aid programs by actively safeguarding federal, state, and institutional funds from deceptive practices, misrepresentation, and identity theft.

Section 3: Procedure

3.1 Fraud Prevention Measures

VPCC shall employ risk-based controls including:

3.1.1 Identity Verification

- Collection and validation of government-issued photo identification when appropriate.
- Verification of student identity for online and remote learners.
- Authentication controls for student information systems.

- Multi-factor authentication where available.
- Coordination with Campus Police when identity concerns arise.

3.1.2 Application Review

Financial Aid staff shall:

- Review applications flagged by the Department of Education (ED) for conflicting information.
- Comply with all federal verification requirements.
- Evaluate unusual enrollment patterns and dependency claims.
- Monitor high-risk applications and documentation submissions.

3.1.3 Enrollment Monitoring

The College may:

- Verify academic participation before disbursement when required.
- Monitor attendance and participation patterns.
- Review enrollment behaviors inconsistent with educational objectives.

3.1.4 Employee Training

The College shall periodically provide training regarding:

- Fraud indicators.
- Identity theft prevention.
- Regulatory requirements.
- Reporting responsibilities.
- Data privacy and security protection.

3.2 Indicators of Potential Fraud

Indicators may include, but are not limited to:

3.2.1 Identity and Documentation Concerns

- Altered or forged documents.
- Suspicious government-issued identification.
- Conflicting personal identifiers.
- Multiple applicants using identical contact information or submission of documentation and/or forms.

3.2.2 Enrollment Concerns

- Failure to academically participate after receiving aid.
- Unusual registration activity.
- Significant attendance irregularities.
- Multiple students utilizing identical devices or locations under suspicious circumstances.

3.2.3 Financial Aid Application Concerns

- FAFSA inconsistencies.
- Questionable income documentation.
- Repeated corrections that substantially increase eligibility.
- Suspected falsification of dependency or household information.
- Suspicious professional judgment requests.

3.2.4 Refund-Related Concerns

- Multiple refunds sent to the same account or address.
- Frequent banking changes immediately before disbursement.
- Third-party involvement in refund transactions.
- Requests to expedite refunds without legitimate justification.

3.3 Reporting Suspected Fraud

3.3.1 Any employee who becomes aware of suspected fraud, identity theft, forgery, or misrepresentation shall promptly report the concern to:

- Director of Financial Aid;
- Chief Compliance Officer, Dean of Retention & Student Success, or designated College official;
- Campus Police; and/or
- Dean of Enrollment Services.

3.3.2 Reports should include available documentation, observations, communications, and other relevant supporting information. Employees acting in good faith shall be protected from retaliation consistent with college policies. The student will be notified via email, and Student Information System (SIS) fraud indicator will be placed on their financial aid file.

3.4 Investigation Procedures

3.4.1 When a report is received, the Financial Aid Office shall:

- Place a temporary fraud indicator (XIF) and hold on financial aid processing or disbursement.
- Request additional documentation.
- Conduct identity verification procedures (in-person).
- Review relevant admissions, enrollment, academic, and financial records.
- Consult with Campus Police, Information Technology, Enrollment Services, Student Success, Academic Affairs, Human Resources, Legal Counsel, or other appropriate offices.

3.4.2 All investigations shall be conducted in compliance with FERPA, applicable privacy laws, and institutional requirements.

3.5 Corrective and Disciplinary Actions

3.5.1 If fraud or misrepresentation is substantiated, the College may:

- Deny or cancel financial aid eligibility.
- Require repayment or restitution for improperly received funds.
- Reverse financial aid transactions when permitted.
- Suspend refund processing.
- Revoke institutional scholarships or grants.
- Initiate student conduct proceedings.
 - Due process will be provided to the student.
 - A formal adjudication process will be provided as specified within the Student Code of Conduct.
- Rescind admission or enrollment.
- Refer cases to external agencies or law enforcement.

3.6 External Reporting

3.6.1 VPCC shall report suspected or confirmed fraud to:

- U.S. Department of Education Office of Inspector General (OIG);
- Federal Student Aid (FSA);
- Virginia state agencies;
- Local, state, or federal law enforcement agencies; and
- Other oversight organizations as required.

3.7 Records Management

3.7.1 VPCC adheres to the Library of Virginia standards (schedule GS-111) for retaining student conduct records. Any permanent sanctions will be noted on the student's transcript and retained indefinitely due to fraud.

3.7.2 The Financial Aid Office shall maintain records related to fraud investigations in accordance with:

- Federal Student Aid record-retention requirements;
- Virginia Community College System requirements;
- College records management policies; and
- Applicable state and federal laws.

3.7.3 Access to investigative records shall be restricted to individuals with a legitimate educational or business need.

3.7.4 VPCC Financial Aid employees will be required to complete annual training on the fraud policy and procedures.

Section 4: Effective Date and Approval

Version	Date	Description of Change	Reviewed by	Approved by
1	10/13/2026	Initial draft proposed by Marc Vernon, Director of Financial Aid, Scholarships, and Military and Veterans Services; input and recommendations made by: LaRhonda Johnson, Dean of Retention and Student Success; Mary Kanani, Dean of Enrollment and Registrar; and Marjorie Newman, Associate Director for Retention and Student Success	College Council, College Support Staff Association, Council of Mid-Level Managers, Faculty Senate, and VPCC Executive Cabinet	Dr. Towuanna Porter Brannon, College President