

Ethical Principles, Code of Conduct, and Enforcement Procedures Q&A

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NASFAA’s Board of Directors recently approved revisions to the NASFAA Statement of Ethical Principles and Code of Conduct by adding a process for enforcing the requirements of the Code of Conduct. Below are answers to common questions that may help members better understand some of these changes.

Q: What is the purpose of establishing ethical principles?

A: Ethical principles are personal and organizational standards of behavior expected of professionals who exercise specialized knowledge and skill. Because of our unique experience and training, financial aid professionals make judgments, apply skills, and reach informed decisions in situations *that the general public cannot*. This expertise comes with responsibility—a set of ethics that should govern the decisions and actions of all financial aid professionals.

Q: What is the difference between our Statement of Ethical Principles and the Code of Conduct?

A: The ***Statement of Ethical Principles*** is aspirational and serves as a means of guiding policies and behaviors; NASFAA member FAAs shall endeavor to fulfill these principles.

The ***Code of Conduct*** is prescriptive; it enumerates very basic and specific expectations for conduct with which NASFAA members *are required* to comply as a condition of membership. Reported violations of the Code of Conduct may trigger the Enforcement Procedures.

Broadly speaking, NASFAA’s Code of Conduct is focused on ensuring that aid administrators:

- not take action for their personal benefit or that could be perceived as a conflict of interest;
- provide information that is accurate, unbiased, and does not reflect preference arising from actual or potential personal gain;
- provide institutional award notifications (and accompanying materials) that give students clear and transparent outlines of financial aid and costs;
- disclose to their institution any involvement with, interest in, or potential conflict of interest with any entity with which the institution has a business relationship.

Q: What precipitated the need to update our Statement of Ethical Principles and Code of Conduct?

A: NASFAA’s Board of Directors, which consists of practicing aid directors, believes that the primary responsibility to ensure ethical conduct in our profession rests with us, the professionals. Given that NASFAA is governed by financial aid administrators, this becomes the natural avenue to implement and periodically update basic ethical principles and codes of conduct. Failure to set these minimal standards ultimately invites others from outside our profession to do it for us.

Q: Why has the NASFAA Board created Enforcement Procedures for the Code of Conduct?

A: Ultimately, setting a Code of Conduct without any additional education or repercussions would have a minimal impact on our ability to hold ourselves accountable. The Enforcement Procedures document was created after soliciting member comment and conducting a scan of other, similar organizations and professional societies (e.g., admissions officers) that also have educational and enforcement provisions.

As stated in the Enforcement Procedures document, the first goal is to educate and assist members with their ethical responsibilities. For those who are knowingly unwilling or unable to meet those obligations, the procedures for enforcement ensure that we have a professional avenue to keep the reputations of aid administrators above reproach.

Q: What educational actions will result from this process to enhance the profession?

A: NASFAA views promulgation and interpretation of the Code of Conduct as, first and foremost, educational. In addition to this Q&A document, staff and volunteer leadership will be presenting on the Ethical Principles, Code of Conduct and Enforcement Procedures at state/regional events around the country in the coming months. We will also publish a series of Ethical Case Studies in *Today's News* to explore various ethical dilemmas.

When a specific complaint comes to NASFAA, the very first step is a private communication with the institution and/or individual in question. If the complaint is without warrant, no further action is needed. If the complaint is valid, and assuming corrective action is quickly taken, no enforcement proceeding need take place. The goal is to primarily help schools understand the Code of Conduct and meet those standards.

Q: Would sanctions be imposed upon an individual or a school?

A: Enforcement Procedures apply to each NASFAA member institution and each senior-level professional at the institution who oversees and administers student aid programs. NASFAA determines in each proceeding whether to focus an inquiry on a member institution, its relevant financial aid professionals, or both.

Q: How could associate membership in NASFAA be impacted by the NASFAA Code of Conduct, Ethical Principles, and Enforcement Procedures?

A: NASFAA's primary, voting membership is made up of institutional members and the Ethical Principles and Code of Conduct are specifically geared toward financial aid administrators. While associate members are not specifically covered by the code or sanctions, the NASFAA Board has separate authority to revoke *associate* membership at any time. NASFAA does have policies and procedures in place that prohibit non-institutional, associate members from soliciting, advertising, or exhibiting in a way that would be contrary to our Ethical Principles or Code of Conduct.

Q: Why should an entire NASFAA institutional membership be jeopardized for the inappropriate conduct or infraction of only one of its staff members?

A: Institutions are legally accountable for the conduct of their employees. NASFAA retains the right to hold an institution responsible for the actions of a financial aid administrator, especially when the institution takes no action to rectify a violation of the Code of Conduct. Each complaint will be handled on a case-by-case basis.

Q: How does the sanction process work?

A: NASFAA sanctions may only be based on noncompliance with the Code of Conduct (not the Ethical Principles). Because NASFAA will not audit or proactively monitor institutions, NASFAA must be made aware of any suspected infractions through the complaint process. Once a complaint has been made, an internal review process will take place that will attempt to determine – privately with the institution or financial aid administrators – whether the complaint has merit.

If a complaint has merit, NASFAA's Ethics Commission will first attempt to work with the institution to bring actions into compliance with the Code of Conduct. If the noncompliance is particularly severe, and/or the institution or financial aid administrators willfully continue in noncompliance, NASFAA will conduct an investigation that may include a hearing (and appeals) process. Ultimately, NASFAA retains the right to impose various levels of sanctions – after due process – that range from issuing a statement of concern to permanent suspension of NASFAA membership. (See NASFAA's "Code of Conduct Enforcement Procedures" for detailed information).

Q: How will members of the Ethics Commission be selected?

A: The current National Chair will fill vacancies on the Ethics Commission via appointment. The NASFAA Board of Directors shall have the authority to confirm or deny all appointees. Any institution or financial aid administrator who faces an ethics hearing will have the right to have a member from their own institutional sector on that hearing board.

Q: If a complaint has no merit, who is notified of the complaint? Will the school's administration be made aware of every frivolous accusation? When will my boss or the president of the college be told about the complaint?

A: In short, if a complaint is deemed frivolous, without merit, not related to NASFAA's Code of Conduct, or falls outside the Code of Conduct's purview/jurisdiction, OR if it is quickly resolved once the party in question is notified—the complaint is dismissed.

To determine if a complaint meets these basic criteria, NASFAA may request additional information, consult with Ethics Commission members, conduct independent research, and take other actions consistent with the obligation. If NASFAA determines that a complaint does not satisfy the criteria for additional action, the complaint will be rejected, with notification only to the complainant and the Commission. If NASFAA determines that a complaint satisfies the criteria, the matter will be referred to the full Ethics Commission for a thorough investigation.

Q: What happens if someone should complain to NASFAA about me or someone in my office?

A: If NASFAA determines that a complaint satisfies criteria outlined in the Code of Conduct, the matter will be referred to the Ethics Commission for a full investigation (procedures as outlined in the Enforcement Procedures).

Q: Will I have the opportunity to address the complaint in front of the complainant (i.e., the accuser) and NASFAA?

A: In the rare event that a complaint rises to the level of an investigation, the respondent will be notified and given an opportunity to respond to the complaint. If determined appropriate by the Ethics Commission, a hearing could be called to provide further opportunity for both parties to be heard.

Q: What precautions will be in place to prevent the misuse of these processes by individuals intent on burdening an aid office, seeking to harm an individual aid administrator, or as retaliation against an institution or individual?

A: All complaints will be subject to an initial screening to determine if they are frivolous, without merit, unrelated to NASFAA's Code of Conduct, or fall outside NASFAA's jurisdiction. If they do not satisfy those basic criteria, the complaint is rejected with no further action. In these instances, neither the school nor financial aid administrator would most likely be contacted. If the complaint does warrant additional action, the first step would be thorough research and an opportunity for both sides to present evidence. If needed, a formal hearing could be called for. After a hearing in which the respondent is found to be out of compliance, there is still an opportunity to appeal. All these procedures are in place to protect respondents before any sort of sanctions are imposed.

Q: How will NASFAA address serious allegations where the accuser/complainant could be in jeopardy if the accused/respondent knows their identity?

A: Under exceptional circumstances, the Ethics Commission reserves the right in its sole discretion to keep the complainant's identity confidential throughout the entire process, including the hearing process (if one is commenced), upon a clear showing of risk to the complainant if that person's identity were revealed to the respondent.

Q: I report to a VP of enrollment management. What if I was directed to do something that is not in keeping with our professional code of conduct? For example, what if my VP instructed me to omit cost of attendance from my award notifications and accompanying materials? Will I be subject to NASFAA's sanctions? Will my school? Will my institution be thrown out of NASFAA?

A: In instances where a financial aid administrator has been instructed to take action by the institution that is in conflict with NASFAA's Code of Conduct, the institution, rather than the aid administrator, would be subject to investigation and potential sanctions.

Q: If my school is determined to violate a federal statute, like the Cleary Act, will my school be subject to NASFAA's sanctions?

A: No. NASFAA's Code of Conduct Enforcement Procedures are specifically focused on noncompliance with the provisions contained in NASFAA's Code of Conduct. NASFAA's efforts are not designed to duplicate or replace federal program reviews or other audits that indicate specific noncompliance with statute or regulation.