

Continuing MOHELA Critical Business Functions In a Disaster Situation



**An overview of MOHELA's 2005 Business Continuity Test
December 12 – 16, 2005**

Overview of the Business Continuity Test

MOHELA's FFELP loan origination and servicing functions are supported through the remote use of the Compass system which is a product of American Education Services/Pennsylvania Higher Education Assistance Agency (AES/PHEAA) of Harrisburg, Pennsylvania. Through a contractual arrangement with AES/PHEAA, AES/PHEAA will assume the critical FFELP loan origination and servicing functions of MOHELA within 3 business days of when MOHELA declares a disruption of processing for a duration expected to exceed 5 business days.

The purpose of testing MOHELA's Business Continuity Plan is to insure that the recovery of the following critical functions could be achieved.

- Account Maintenance (processing of enrollment notifications, deferments, forbearances, etc.)
- Accounting (processing of payments)
- Claims (preparation and submission of claims to guarantors due to default, death, disability, etc.)
- Conversions (manual conversion of loans)
- Credit (resolution of credit disputes and completion of mortgage verification requests)
- Customer Service (responses to verbal and written communications from borrowers)
- Loan Origination (funding and disbursement of student loan proceeds)
- Skip Tracing (completion of skip trace due diligence requirements)
- Support Services (processing of incoming/outgoing mail, printing of reports, bills and correspondence)

Test Preparation

Over a three month period prior to August, 2005 the Business Continuity Team evaluated and updated the Plan to reflect changes in operational procedures that occurred since the Plan was previously updated. On August 24-25, 2005 the Plan Administrator and a Business Continuity Team representative met with AES/PHEAA in Harrisburg, Pennsylvania for the purpose of reviewing the updated plan and to discuss the plan testing. As a result of this meeting and the input received from AES/PHEAA business continuity support team, additional revisions were made to the Plan and the Plan was formally republished on December 1, 2005. Testing of the plan was scheduled for the week of December 12-16, 2005.

During the first week of December, 2005, the Alternate Business Continuity Plan Administrator coordinated the development of a test plan for each critical function with the appropriate Business Continuity Team members and coordinated the transfer of information to support the testing of the Plan to the AES/PHEAA business continuity support team.

Objectives

The overall objectives of the Business Continuity Plan test were to:

- Reinforce the effort required of both the AES/PHEAA and MOHELA business continuity teams to insure a successful recovery;
- Validate that AES/PHEAA could perform the individual business unit recovery procedures contained within the plan;
- Identify procedural vulnerabilities that must be resolved;
- Identify technological vulnerabilities that must be resolved; and
- Document the results of the testing performed.

Results

The overall results of our test demonstrate that AES/PHEAA can assume the FFELP loan origination and servicing obligations of MOHELA to avoid tangible losses and disruption of service to our clients. However, as this test has documented, there are several areas of opportunity for improvement. These areas include:

- Resolving procedural differences in transaction processing between AES/PHEAA and MOHELA;
- Resolving the technological differences in the printing of billing statements which result in payment scanning issues; and
- Resolving the mail insertion problems experienced by AES/PHEAA.

A summary of the results of the test performed in each critical area is provided below:

- Account Maintenance - 216 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.
- Accounting – 149 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.
- Claims – 25 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.
- Conversions – 15 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.
- Credit – 8 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.
- Customer Service – 11 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.

- Loan Origination – funding requests and school certifications were processed and no exceptions were identified that jeopardized the loan guarantee.
- Skip Tracing - 30 transactions were processed and no exceptions were identified that jeopardized the loan guarantee.
- Support Services – 4,760 printing transactions were processed consisting of the printing of repayment schedules, billing statements, letters and reports. Additionally, 4685 letters were processed through the AES/PHEAA inserter for mailing. There were no issues identified with the printing of repayment schedules and reports. The alignment of the OCR scan line and the OCR font used by AES/PHEAA on the bills they generated does not match the bills produced by MOHELA. The letters processed through the inserter failed to include the required insert.