

Direct Loan Reconciliation

Agreement, Accountability, Action

SASFAA 2015 - *“Uncovering our Purpose, Power, and Passion”*

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Direct Loan Reconciliation

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Direct Loan Reconciliation

Three aspects of successful reconciliation

- Agreement
 - Who needs to agree
- Accountability
 - Why
 - What
 - When
- Action
 - How

Direct Loan Reconciliation

But first...

- Elvis made only one commercial endorsement...what was it for?

Southern Made Doughnuts

Direct Loan Reconciliation Agreement

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Direct Loan Reconciliation – Agreement

First, what is reconciliation?

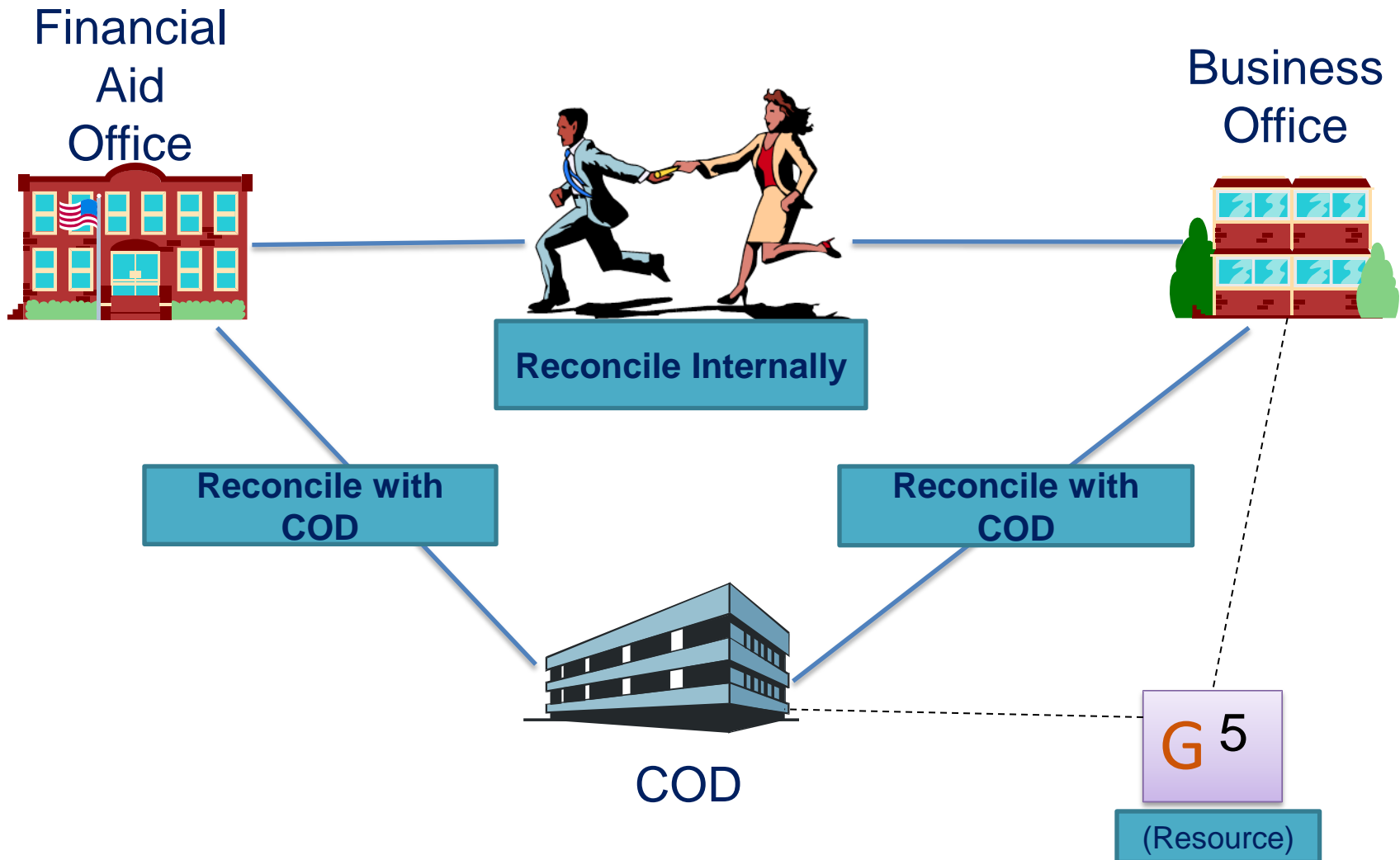
- Generally speaking...To bring into agreement or harmony; make compatible or consistent
- FSA purposes...The process by which Title IV financial aid data (grants, loans, and campus-based awards) recorded on the Department of Education system(s) is reviewed and compared with the financial data reflected on a school's internal records
 - Any and all discrepancies **MUST** be identified and resolved
 - Any and all reasons for a remaining Ending Cash Balance (ECB) **MUST** be identified and resolved

Direct Loan Reconciliation – Agreement

Reconciliation is a two-part event

- Internal Reconciliation
 - ✓ Your Business Office/Comptroller/Bursar data and the Financial Aid Office origination and disbursement data
- External Reconciliation
 - Between your school's internally reconciled data and the data on the U.S. Department of Education's systems

Key Reconciliation Players



Direct Loan Reconciliation – Agreement

Internal Reconciliation

- Data posted to student accounts matches exactly the data in the school's financial aid software
 - ✓ Date and amount
 - ✓ Net Drawdowns (ND) = Net Accepted & Posted Disbursements (NAPD)
 - ✓ Internal cash transactions (drawdowns, refunds of cash, and adjustments to drawdowns) match school bank account data
 - ✓ Data exchanged between the Financial Aid Office and the Business Office/Comptroller/Bursar Office match
 - Run a regular comparison to identify discrepancies

Direct Loan Reconciliation – Agreement

Don't forget the student...

- Return funds/update disbursements not wanted
- Return funds/update disbursements not eligible to receive
- Regular communication between the Financial Aid Office, the Business Office, and the Registrar nurtures data agreement
 - ✓ Electronic comparison of data
 - ✓ Frequent touch-point between offices

Direct Loan Reconciliation – Agreement

External Reconciliation

- Disbursement transactions...
 - ✓ Internally reconciled disbursement data matches **exactly** disbursement data in FSA systems - COD and G5
- Cash transactions...
 - ✓ Internally reconciled cash transactions, including cash drawdowns, drawdown adjustments, and refunds of cash match **exactly** cash transactions in FSA systems - COD and G5

Direct Loan Reconciliation Accountability

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Direct Loan Reconciliation – Accountability

Monthly reconciliation is a requirement in the Direct Loan Program

- Identifies issues with meeting cash management and disbursement reporting requirements
 - ✓ Demonstrates administrative capability
- 34 CFR 685.300(b)(5)...
 - ✓ On a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary

Direct Loan Reconciliation – Accountability

Cash issues

- Cash Management Regulations
 - ✓34 CFR 668.161-16
- Key Concepts
 - ✓Immediate need – three (3) business days
 - ✓Excess cash – three (3) business days
 - ✓Idle Cash – up to seven (7) days
- Can I keep the funds while I am reconciling???

NO!

Direct Loan Reconciliation – Accountability

Disbursement Reporting Deadlines

- Title IV Aid disbursement/adjustment reporting requirement published annually in the Federal Register
- As of April 1, 2013, the disbursement reporting window is 15 days from the date of the event
 - ✓ Actual disbursements
 - ✓ Adjustments to actual disbursements

Direct Loan Reconciliation – Accountability

Other requirements

- 34 CFR 668.24 – Record Retention... Includes
 - ✓ Financial records that reflect each HEA, Title IV program transaction
 - ✓ Documentation that reflects each student/parent eligibility for Title IV funds
 - ✓ Documentation that reflects the payment period/loan period, date, amount of each Title IV program transaction
 - ✓ Any other program records that document administrative and financial responsibility (i.e., reconciliation documentation)

Direct Loan Reconciliation Action

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Direct Loan Reconciliation – Action

Tips & Tools

- Daily or at least weekly “check-in” between the Business Office and the Financial Aid Office
 - ✓ Do disbursements reported match disbursements posted?
 - Amount and date MUST match exactly
 - ✓ Do draws and returns of cash match disbursements?
 - ✓ Does the school banking information match G5 data?

Direct Loan Reconciliation – Action

Tips & Tools

- Return funds appropriately to the correct program and award year
 - ✓ Returns of Cash should be made electronically
 - To G5 and correct Direct Loan Award ID
 - Direct Loan Award ID...P268K16XXX where XXXX is your school's GAPS ID
 - ✓ Drawdown Adjustments should only be used to correct errant drawdown transactions

Direct Loan Reconciliation – Action

Electronic returns of cash to G5

- Set up a bank account through G5 for refunds (888-336-8930)
- If funds are being returned to G5 for regulatory reasons you **MUST** send downward disbursement adjustment(s) on the award(s) to COD
- Reminders...
 - ✓ If refunding funds from an audit or program review, follow repayment instructions per the Final Audit or Program Review Determination letter
 - ✓ DL 120 day rule does not apply when refunding funds due to regulatory/statutory requirements - 34 CFR 685.202 (c)(4)(i)

Direct Loan Reconciliation – Action

Tips for External Reconciliation

- Keep current on daily/weekly processing and any edit code rejects
- Complete Internal Reconciliation first before regular External Reconciliation to identify and eliminate any internal discrepancies
- Pay attention to IFAP announcements and **COD updates** regarding processing issues
 - ✓What's new? Tab on the IFAP.ed.gov Website
- Use COD and G5 reports and web screens

Direct Loan Reconciliation – Action

COD Reject Edit Codes and Warning Edit Codes

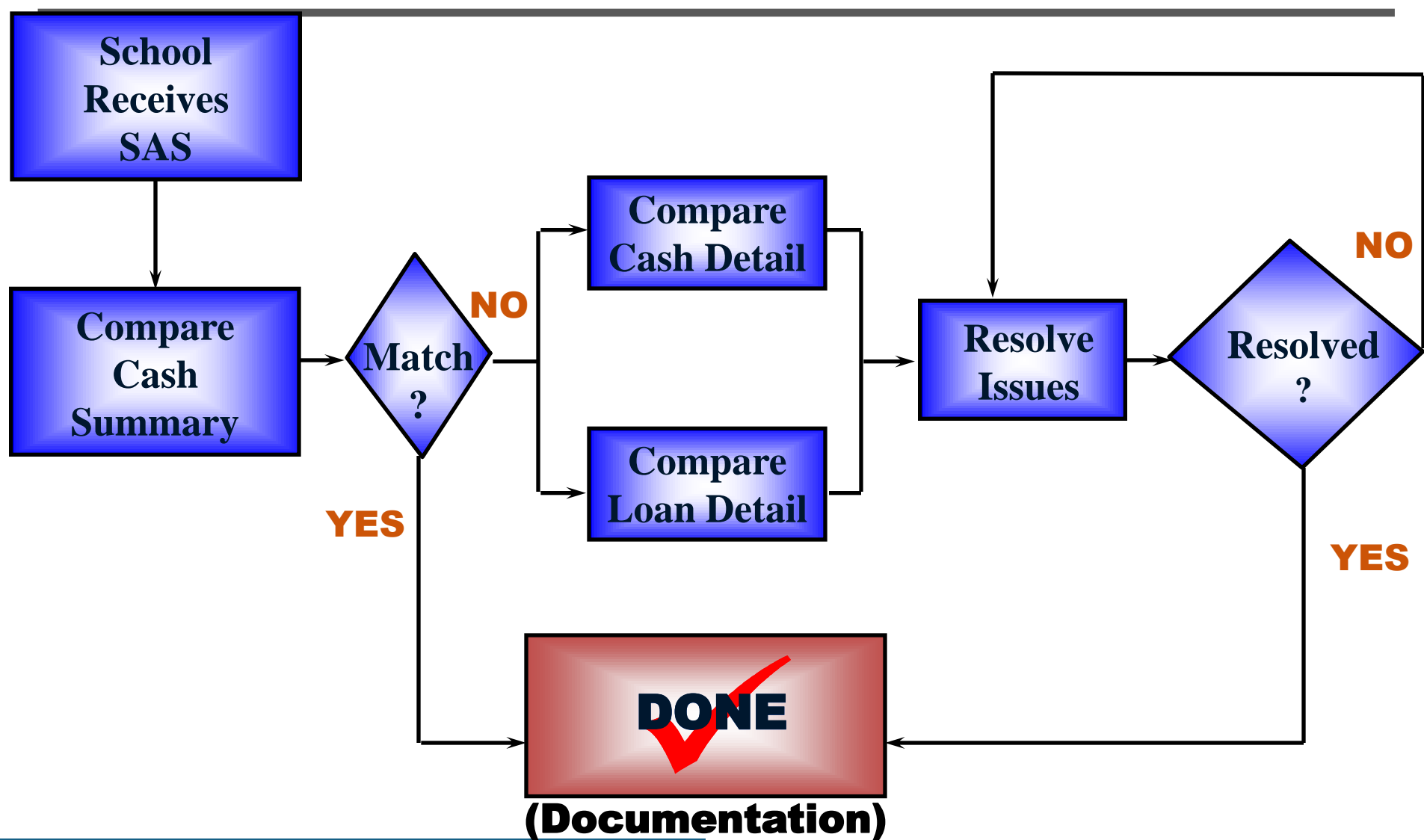
- Set aside time to resolve edit code rejects daily/weekly
 - ✓ Monitor your batch import results or view rejects by batch on the COD website
- **Warning Edits** are there to alert you of a potential problem
 - ✓ Data subject to a warning edit **MUST** be verified and validated
 - ✓ Data subject to a Warning edit is processed and built on COD
- **Rejected** data is not processed by COD and does not build on the COD system
 - ✓ Rejected Direct Loan records can lead to unsubstantiated cash for advance funded schools
 - ✓ The data must be corrected and re-submitted to COD

Direct Loan Reconciliation – Action

COD Reconciliation Tools - Reports

- The Direct Loan School Account Statement (SAS)
 - ✓ Generated the first FULL weekend of each month
 - Delivered to your SAIG mailbox
 - ✓ Provides the Department's Ending Cash Balance (ECB)
 - ✓ You **MUST** reconcile monthly to the balances reflected on the SAS and must document that you have done so
- Composed of 4 sections
 - ✓ Cash Summary
 - ✓ Cash Detail
 - ✓ Disbursement Summary by loan type
 - ✓ Loan detail, loan level, or detail disbursement activity level

Reconciliation to the SAS



Setting Your SAS Options

Person School Batch Award Services User Program

School Search

SAS Options HELP

Lifetime University

Program: DIRECT LOAN Award Year: '14-'15

SAS Options

Report Format: Fixed Length

Include Names of Borrowers: No

Report Activity Type: Both

Regardless of your choice (Monthly, Year-to-Date, or Both), you will receive Year-to-Date and Monthly Cash Summaries.

You will receive Monthly Cash Detail if you choose Monthly activity and Year-to-Date Cash Detail if you choose Year-to-Date.

You will receive both the Monthly and Year-to-Date Cash Detail if you select Both as your option.

Sections of SAS to Receive

Summary by Loan Type: Yes

If chosen, you will receive Monthly and Year-to-Date.

	Monthly	Year-to-Date
Disbursement Detail	Yes	Yes
Loan Level (optional)	N/A	Yes

Loan Level is only available for Year-to-Date.

UPDATE

Oct 14 2014 16:32 EDT Home | Privacy Act | Links | Contact Us | COD Resources | Help | Glossary | Log Off

Fixed Length YTD works best with most school software

YTD helpful for final end of year reconciliation

Direct Loan Reconciliation – Action

COD Reconciliation Tools

- The Direct Loan School Account Statement (SAS) Disbursement Detail On Demand Report
 - ✓ Generated upon request via a COD Website Data Request
 - Under the Batch tab
 - ✓ Content options include Year-To-Date, Month-To-Month, or Date Range
 - ✓ Can be in the same, or different, format as your SAS
 - ✓ The fixed-length file format can be imported into the new COD Report Reader

Direct Loan Reconciliation – Action

COD Report Reader

- Downloadable from the COD Website
 - ✓ Not necessary to log in
 - Select the COD Resources tab
 - ✓ Make sure you request your file in a fixed-length file format
 - ✓ The file will be delivered to your SAIG mailbox
 - ✓ Import the fixed-length file into the reader to display and manage
 - ✓ Readers available for Pell Grant Year-T-Date and Reconciliation files

Direct Loan Reconciliation – Action

The screenshot shows the 'Batch' tab of the 'COMMON ORIGATION & DISBURSEMENT' system. The left sidebar contains a navigation menu with items like 'Batch Search', 'Action Queue', 'Report Requests', 'PLUS App Rsp Request', 'Counseling Request', 'SULA Request', 'Post Data Arc Search', and 'DL Origination Tool'. The main content area is titled 'New Report Requests' and includes a 'HELP' icon. Below the title, there is a text prompt: 'Enter one or more of the following fields to request a new report:'. A note follows: '* Note: Schools will continue to receive their full School Account Statement automatically every month via their SAIG mailbox, with their current SAS Options as selected on the Report Selection page.' The form fields are: 'Entity ID Type' (dropdown: COD), 'Entity ID' (text input), 'Request Type' (dropdown: SAS Disbursement Detail on Demand Request), 'Program' (dropdown: Direct Loan), 'Award Year' (dropdown: '14 - '15), 'Report Format' (dropdown: Fixed Length), 'Report Activity Type' (dropdown: Request Date Range), and 'Disbursement Booked Date Within:' (Start Date: October 1, 2014; End Date: October 14, 2014). A 'SUBMIT' button is located at the bottom of the form. The footer of the page shows the date 'Oct 14 2014 16:00 EDT' and a navigation bar with links for Home, Privacy Act, Links, Contact Us, COD Resources, Help, Glossary, and Log Off.

U.S. DEPARTMENT OF EDUCATION
COMMON ORIGATION & DISBURSEMENT

FSA
FEDERAL
STUDENT AID

Person School **Batch** Award Services User Program

▶ Batch Search
▶ Action Queue
▼ Report Requests
 Requests Search
 New Report Request
▶ PLUS App Rsp Request
▶ Counseling Request
▶ SULA Request
▶ Post Data Arc Search
▶ DL Origination Tool

New Report Requests HELP

Enter one or more of the following fields to request a new report:

* Note: Schools will continue to receive their full School Account Statement automatically every month via their SAIG mailbox, with their current SAS Options as selected on the Report Selection page.

Entity ID Type: COD Entity ID:

Request Type: SAS Disbursement Detail on Demand Request

Program: Direct Loan

Award Year: '14 - '15

Report Format: Fixed Length

Report Activity Type: Request Date Range

Disbursement Booked Date Within:

Start Date: October 1, 2014

End Date: October 14, 2014

SUBMIT

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Direct Loan Reconciliation – Action

COD Reports

- 30-Day Warning Report
 - ✓ Identifies originated Direct Loans needing a linked MPN or actual disbursement or both to “book”
 - ✓ Identifies MPNs received with no linked Direct Loan Origination
 - ✓ Year-To-Date, Month-To-Date, and Date Range format options
 - ✓ Format does NOT have to match your SAS format
 - ✓ Monthly in your SAIG mailbox or COD Website School NewsBox

Direct Loan Reconciliation – Action

COD Reports

- Pending Disbursement Listing Report
 - ✓ A weekly report that identifies anticipated disbursements that should be reported to COD as actual disbursements, or that should be reduced to \$0
 - ✓ Provides list of pending disbursements 45 days in the future or any date in the past
 - ✓ Multiple format options
 - ✓ Delivered to your SAIG mailbox and posted to the COD Website
 - In your School NewsBox

Direct Loan Reconciliation – Action

COD Reports

- Direct Loan Actual Disbursement List
 - ✓ A weekly report that identifies actual disbursements accepted by, and posted to, COD
 - Saturday to Friday reporting window
 - ✓ Monitor to ensure actual disbursement amounts and actual disbursement dates match exactly actual disbursement amounts and actual disbursement dates on student accountants
 - ✓ Multiple format options
 - ✓ Delivered to your SAIG mailbox and posted to the COD Website
 - In your School Newsbox

Direct Loan Reconciliation – Action

COD Reports

- Additional weekly reports
 - ✓ Entrance Counseling Report
 - ✓ PLUS Counseling Report
 - ✓ MPN (Master Promissory Note) Report
 - ✓ Expired MPN Report
 - ✓ MPNs Due To Expire Report
 - ✓ Weekly Credit Status Report


Direct Loan Reconciliation – Action

COD Website Screens

School	Batch	Award	Services	User
School Summary Information				
School of Hard Knocks				
Please keep contact information updated!				
Default Program		PELL	Default Award Year	
		▼	'14-'15 ▼	
Contacts			Summary	
Type	Name	Phone	Award Year	'14-'15 ▼
Direct Loan Financial Aid Officer	BARB DAVIS	(202) 821-3953	Program	DIRECT LOAN ▼
			Cash > Accepted & Posted Disbursements & older than 30 days	\$0.00
Pell Financial Aid Officer	BARB DAVIS	(202) 821-3953	% of Cash > Accepted & Posted Disbursements	-0.02565%
FINANCIAL AID ADMINISTRATOR	BARB DAVIS	(202) 821-3953	Cash > Accepted & Posted Disbursements	(\$40,764.00)
			Current CFL	\$187,902,253.00

Direct Loan Reconciliation – Action

COD Website Screens

School Funding Information			
University of Hard Knocks			
Funding Information			
Program	DIRECT LOAN ▾	Award Year	'14-'15 ▾
Entity ID			
Initial CFL	\$101,684,743.00		
Current CFL	\$187,902,253.00		
Previous CFL	\$101,684,743.00		
CFL Adjustment	\$86,217,510.00		
Last CFL Change Date & Time	11/13/2014 15:23:02		
Available Balance	\$18,358,285.00		
Cash > Net Accepted & Posted Disbursements	(\$40,764.00)		
Net Accepted & Posted Disbursements	\$169,584,732.00		
Net Drawdowns	\$169,543,968.00		

Direct Loan Reconciliation – Action

COD Website Screens

School Summary Financial Information ?HELP		
University of Hard Knocks		
Summary Financial Information		
Program	DIRECT LOAN ▼	Award Year '14-'15 ▼
Entity ID		
Beginning Cash Balance		\$0.00
Cash Receipts	\$170,279,351.00	
Refunds of Cash	(\$735,383.00)	
Net Drawdowns/Payments		\$169,543,968.00
Booked Disbursements	\$172,036,314.00	
Booked Adjustments	(\$2,448,860.00)	
Total Net Booked Disbursements		\$169,587,454.00
Ending Cash Balance		(\$43,486.00)
Unbooked Disbursements	\$49,502.00	
Unbooked Adjustments	(\$49,502.00)	
Total Net Unbooked Disbursements		\$0.00
Cash > Accepted and Posted Disbursements		(\$43,486.00)
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Contact Us	COD Resources	Help
Glossary	Log Off	

Direct Loan Reconciliation – Action

COD Website Screens

Cash Activity ?HELP

Program/Year Selection

Program DIRECT LOAN Award Year '14-'15 Printer Friendly

Cash Activity Summary

Net Draws \$169,543,968.00

Cash > Accepted & Posted Disbursements & older than 30 days \$0.00

	Totals		
Date of Transaction		02/17/2015	01/15/2015
Time		11:07:20 AM	10:34:07 AM
GAPS Debit Date		02/17/2015	01/15/2015
Drawdowns/Payments	\$168,875,227.00	\$2,715,118.00	\$3,267,240.00
Drawdown Adjustments	\$1,404,124.00	↑	
Refunds of Cash	(\$735,383.00)		
Returns of Cash	\$0.00		
Drawdown Offsets	\$0.00		
Days Since Net Draws Increase		1	34
Days Left For On-time Reporting		029	000
Payment Control Number		2015021340334	20150114772
Accepted & Posted Disbursements Applied	\$169,543,968.00	\$2,715,118.00	\$3,267,240.00
% of Accepted & Posted Disb. Applied to Net Draws	100.0%	↑	
Cash > Accepted & Posted Disbursements	(\$43,486.00)		
% of Cash > Accepted & Posted Disbursements	-0.03%		
Source System		GAPS	GAPS

Amounts in parentheses decrease net draws

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Direct Loan Reconciliation – Action

Direct Loan Program Year Closeout

- A final reconciliation for the award year
 - ✓ Must result in an ECB of \$0
 - Net Drawdowns from G5 = Net Accepted and Posted Disbursements on COD
 - ✓ Required to be completed by the last business day of July of the second year in the award year pair
 - Award Year 2013-2014 Program Year Closeout deadline date is July 31, 2015
 - ✓ **DO NOT WAIT UNTIL THE LAST MONTH TO COMPLETE YOUR PROGRAM YEAR CLOSEOUT**

Direct Loan Reconciliation – Action

Direct Loan Program Year Closeout

- A final reconciliation for the award year
 - ✓ Must result in an ECB of \$0
 - Net Drawdowns from G5 = Net Accepted and Posted Disbursements on COD
 - ✓ Required to be completed by the last business day of July of the second year in the award year pair
 - Award Year 2013-2014 Program Year Closeout deadline date is July 31, 2015
 - ✓ After your last SAS with an ECB = \$0 you can closeout on the COD Website
 - ✓ **DO NOT WAIT UNTIL THE LAST MONTH TO COMPLETE YOUR PROGRAM YEAR CLOSEOUT**

Direct Loan Reconciliation – Action

Direct Loan Reconciliation in a “nut shell”

- Regular and frequent internal reconciliation
 - ✓ Routine contact between the Business Office and the Financial Aid Office
 - ✓ Use bank records to compare cash drawdowns with G5
 - ✓ Make sure returns of funds are to the correct program and correct award year
 - Review current and prior award years
- External Reconciliation
 - ✓ Compare internally reconciled data to FSA systems data frequently
- Don't be afraid to call for help

Direct Loan Reconciliation – Action

Direct Loan Reconciliation Resources

- FSA Handbook
 - ✓Volume IV
- COD Technical Reference
 - ✓Volume II, Section 1 (Implementation Guide), and Section 4 (Edits), and Volume VI, Section 8 Reports
- IFAP.ed.gov
 - ✓You MUST monitor IFAP to be considered administratively capable
- COD Reconciliation Team
- Federal Loan School Support Team
 - ✓dlops@ed.gov

Direct Loan Reconciliation – Action

Direct Loan Reconciliation Resources

- COD Reconciliation Team
 - 1.800.848.0978
- Federal Loan School Support Team
 - ✓ dlops@ed.gov

PLUS Loans A To Z



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U.S. Department of Education
Federal Student Aid
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