Managing & Reconciling Title IV Funds

Agreement - Accountability - Action

U.S. Department of Education

Title IV Reconciliation

Wood Mason
U.S. Department of Education
Federal Student Aid
Atlanta, GA
770.383.9662
wood.mason@ed.gov

Title IV Reconciliation

Agenda

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

Title IV Reconciliation

Generally, reconciliation means to bring into agreement or harmony…to make compatible or consistent

Title IV Reconciliation

Title IV Reconciliation: The process by which Title IV aid (grants, loans, and campus-based aid) recorded on the Department of Education systems is reviewed and compared with a school's internal records

AND

- Discrepancies are identified and resolved
- Address any remaining cash balance

Title IV Reconciliation

Who is responsible for reconciliation?

Anyone that “touches” the money!

The “secret” to successful reconciliation?

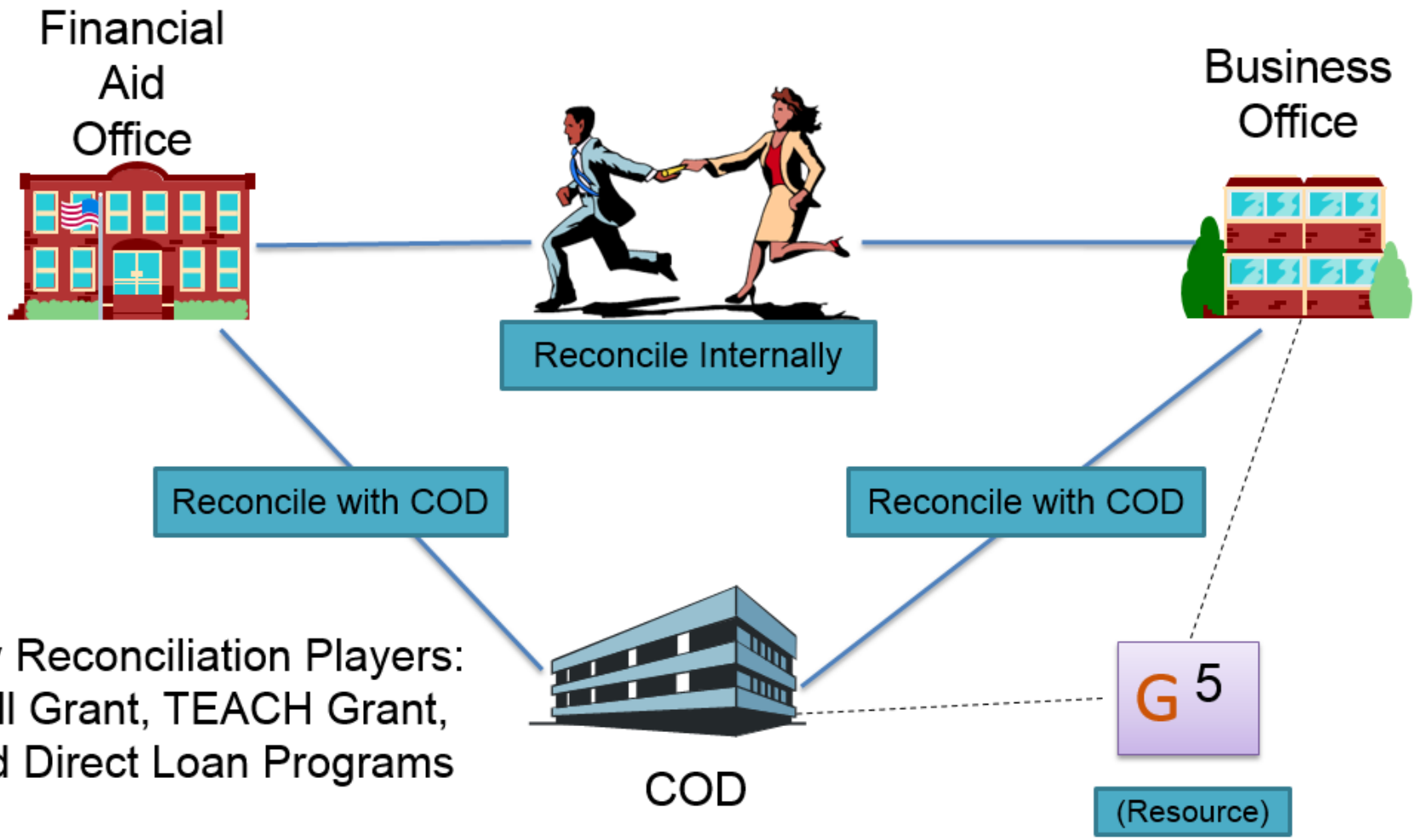
KNOW WHERE THE MONEY IS!

Title IV Reconciliation

Reconciliation is a “two-part” process…

- Internal Reconciliation
  - ✓Financial Aid Office data and Business Office/Bursar’s Office/Comptroller’s Office data are compared and matched
- External Reconciliation
  - ✓Reconciled school data is compared and matched to data in Department of Education systems

Title IV Reconciliation



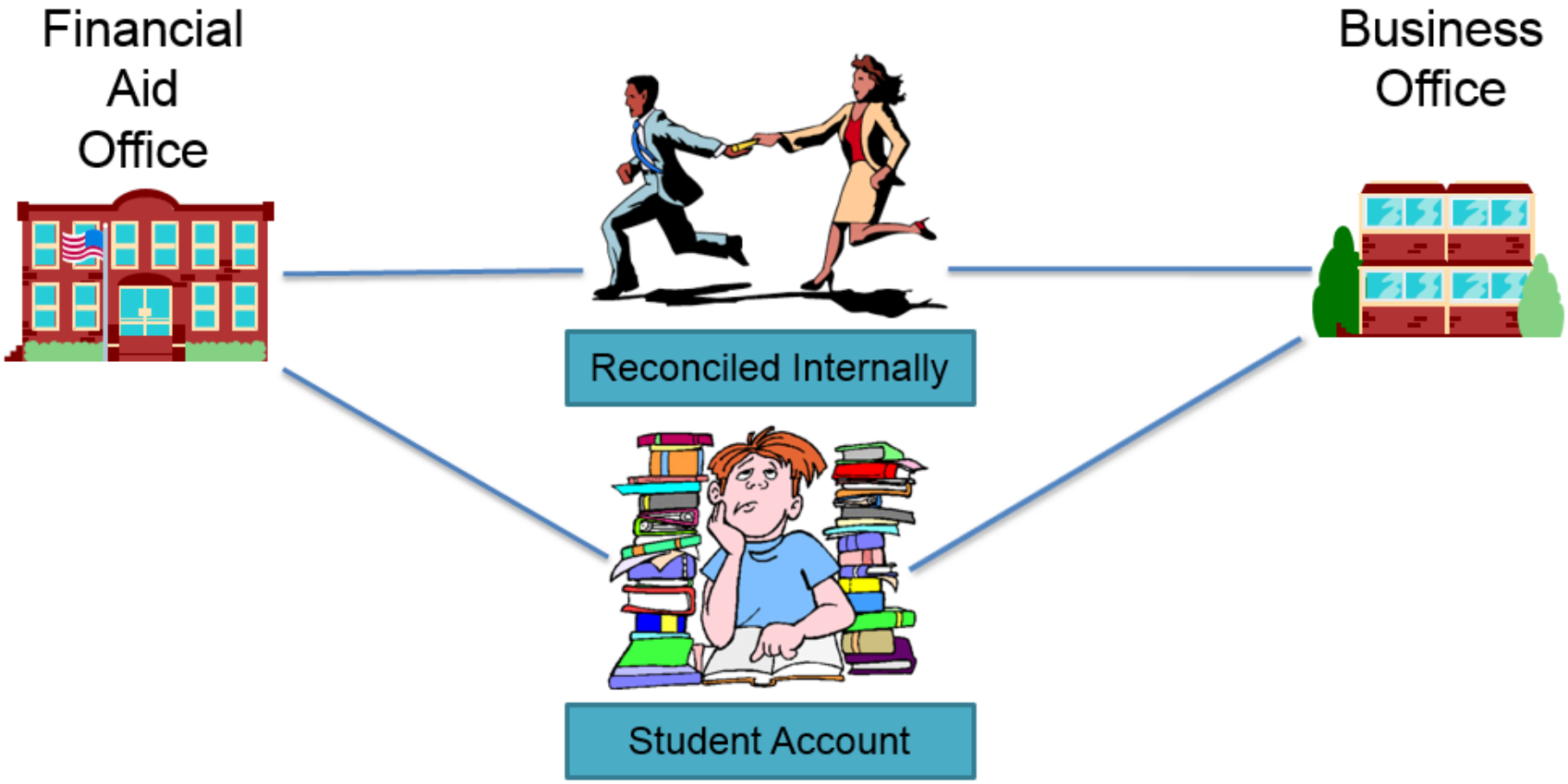
Title IV Reconciliation - Agreement

Title IV Reconciliation…Agreement

Title IV Reconciliation - Agreement

Internal Reconciliation

Title IV Reconciliation - Agreement



Title IV Reconciliation - Agreement

Ensure that…

- What is posted to a student's account in the Business Office (amount and date) matches EXACTLY that found on the school's Financial Aid Office software
- Net Drawdowns (ND) = Net Accepted and Posted Disbursements (NAPD)
- Cash management requirements are met
- Internal cash transactions (drawdowns, refunds of cash, and adjustments) match school bank statements
- Data transmitted electronically between school offices match
  - ✓Run a regular comparison to identify any discrepancies
  - ✓Include the Registrar's Office

Title IV Reconciliation - Agreement

And don’t forget the student/recipient…

- Return funds/update disbursements not made and award amounts
  - ✓Student doesn’t want the disbursement
  - ✓Student doesn’t return for the next term
  - ✓Student is no longer eligible

Title IV Reconciliation – Agreement

Tips for internal reconciliation

- Frequent “check-in” between the Business and Financial Aid Offices
  - ✓Disbursements reported match disbursements posted
  - ✓Drawdowns and returns of cash match disbursement data
  - ✓School banking data matches G5 data
- Regularly run a report to identify rejected data
  - ✓Weekly/Bi-weekly
  - ✓Resolve ALL rejected data and re-submit to COD promptly
- Return funds to the correct program and year
  - ✓Refunds of cash should be made electronically

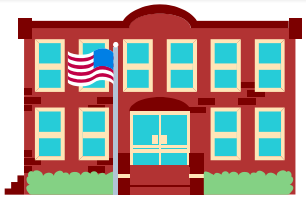
Title IV Reconciliation - Agreement

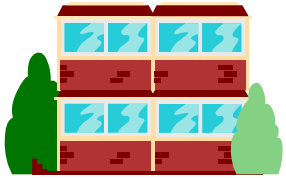
External Reconciliation

Title IV Reconciliation - Agreement

Internally Reconciled

Financial Aid Office

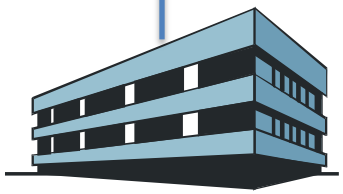




Business Office

G5

(Resource)



Reconcile with COD

Title IV Reconciliation - Agreement

Ensure that…

- Reconciled disbursement data at the school matches ***EXACTLY*** that disbursement data reflected on COD
- Cash transactions recorded at the school match ***EXACTLY*** cash transactions reflected in COD and G5
  - ✓Drawdowns
  - ✓Drawdown adjustments
  - ✓Refunds of cash

Title IV Reconciliation - Agreement

Tips for external reconciliation

- Make sure your internal data is reconciled
- Begin regular external reconciliation with U.S. Department of Education systems
  - ✓COD
  - ✓G5
- Daily/weekly monitoring of edit code rejects
  - ✓Rejected D/L data equals unsubstantiated cash
  - ✓Rejected Pell Grant/TEACH Grant data equals no funding

Title IV Reconciliation - Accountability

Title IV Reconciliation…Accountability

Title IV Reconciliation - Accountability

Cash Management Regulations…

- 34 CFR 668.161-166
  - ✓Subpart "K"
- "The institution, as a trustee of Federal funds, may not use or hypothecate (i.e., use as collateral) Title IV, HEA Program funds for any other purpose"
- Key concepts of cash management…
  - ✓"Immediate need" is three (3) business days
  - ✓Can you keep any "unsubstantiated" cash while reconciling?

NO!

Title IV Reconciliation - Accountability

Title IV disbursement/adjustment reporting requirements and deadline dates for corrections, changes, disbursements, and verification published yearly in a Federal Register

- An actual disbursement, and any adjustment to an actual disbursement, ***must*** be reported to COD no later than 15 days after the event

Title IV Reconciliation - Accountability

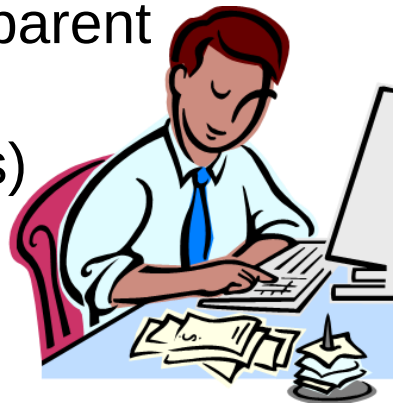
Monthly reconciliation is a REQUIRED task for the Direct Loan Program

- 34 CFR 685.300(b)(5)
- Regular and routine reconciliation identifies any issues you may be experiencing
  - ✓Meeting cash management and disbursement reporting requirements
- Demonstrates administrative capability!

Title IV Reconciliation - Accountability

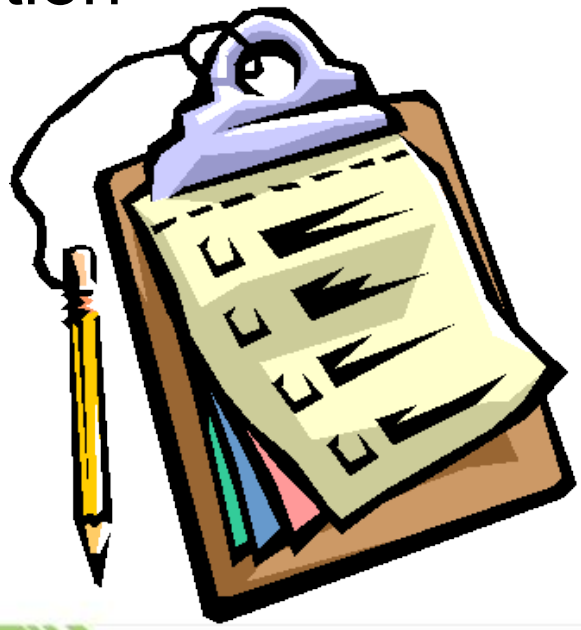
Other requirements…

- 34 CFR 668.24 record retention requirements
  - ✓Stay organized and have records to support any cash transaction handy!
  - ✓Financial records that reflect each HEA/Title IV program transaction
    - ➢ Documentation that reflects the payment period/loan period, date, and amount of each Title IV program transaction
  - ✓Documentation that reflects each student or parent eligibility for Title IV funds
  - ✓Any other program record(s) that document(s) administrative and financial responsibility
    - ➢ Reconciliation documentation



Title IV Reconciliation - Action

Title IV Reconciliation…Action



Title IV Reconciliation - Action

Returning Title IV Funds

- Return funds to the appropriate Award Year and Program
- Return ALL program funds electronically via G5
  - ✓Set up a unique “return” bank account through G5 for returning funds (1.888.336.8930)
  - ✓If returning funds to meet a regulatory requirement you MUST send COD a corresponding downward adjustment
  - ✓Disbursement adjustments cannot be submitted for Grant Programs after funding for that award year has been cancelled
    - ➢ Grants Programs funding is cancelled 5-years after the end of that award year
    - ➢ If you must return Pell Grant funds via a paper check, make sure you include the Award Year and Award ID on the check

Title IV Reconciliation - Action

Title IV Reconciliation Tools

Title IV Reconciliation - Action

COD Warning Edits and COD Reject Edits

- A COD Warning Edit informs you that the data you've submitted could be erroneous or could pose a potential problem
  - ✓Data submitted that causes COD to return a COD Warning Edit will be processed
- A COD Reject Edit indicates the data does not pass COD or Program edits and is rejected
  - ✓Rejected data is returned to the school for correction and re-submission
  - ✓Rejected disbursement data can lead to unsubstantiated cash
  - ✓Rejected disbursement data prevents an increase to your Current Funding Level (CFL) and available G5 balance

Title IV Reconciliation - Action

COD Tools…

- Report Readers for Pell Grant and Direct Loan Program Reports available via the COD Website
  - ✓Pell Grant Year-To-Date and Reconciliation Files
  - ✓Direct Loan Disbursement Detail On Demand Report
  - ✓Files are requested via the COD Web
    - ➢ Request the files in a “flat-file” format
- File Share/Messages
  - ✓Adhoc reports uploaded for school use
- School “Self-Help”
  - ✓Interactive “FAQ”
  - ✓Ability to check on open “tickets” and their progress
- **Live chat on the COD Website!**

Title IV Reconciliation - Action

COD Tools…

- Weekly School Monitoring Report
  - ✓Generated weekly by COD
    - ➢ No activity – no report
  - ✓Sent to your SAIG Mailbox
    - ➢ Posted to the COD Web in your Direct Loan and Grants School NewsBox
  - ✓Identifies…
    - ➢ Unsubstantiated cash by program and award year
    - ➢ POPs
    - ➢ Disbursement reporting by program and award year*
- COD Website Action Queue
  - ✓Displays ALL pending disbursements
- COD School Relations Center Reconciliation Specialists

Title IV Reconciliation - Action

Pell Reports for Reconciliation…COD data requests

- Electronic Statement of Account (SAIG)
  - ✓Previous Obligation and changes
    - ➢ Date and amount
- Reconciliation Report (SAIG)
  - ✓Summary level disbursement data
    - ➢ YTD by student
    - ➢ Auto-generated as part of year-end processing
- Year to Date file (SAIG)
  - ✓Detail level disbursement data
  - ✓Can be used to help rebuild lost school data

Title IV Reconciliation - Action

Pell Reports for Reconciliation…

- Pending Disbursement List
  - ✓Displays pending and actual disbursements 8 – 30 days in the future
    - ➢ Should the pending disbursements be made actual?
    - ➢ Should they be reduced to $0?
  - ✓Generated weekly
    - ➢ Sent to your SAIG Mailbox
    - ➢ Posted to the COD Website

Title IV Reconciliation - Action

Pell Reports for Reconciliation…

- Pell "POP" Report
  - ✓Displays those students in a "POP" condition, those that come out of a "POP" condition, and
    - ➢ Your disbursement could have been reduced to $0?
  - ✓Generated weekly
    - ➢ Sent to your SAIG Mailbox
    - ➢ Posted to the COD Website

Title IV Reconciliation - Action

With the New Award Year Setup for Award Year 2017-2018 COD will generate and send to schools a “Pell Grant School Account Statement (SAS)”…

- A new report and ***reconciliation tool*** for Award Year 2017-2018 and forward
  - ✓All Pell Grant disbursement and cash data in one report!
- Generated the first full weekend of each month
  - ✓Delivered to your SAIG Mailbox
  - ✓Comma Delimited w/Headers format
  - ✓Easily opened in “Spreadsheet” software, i.e., Excel

Title IV Reconciliation - Action

The Pell Grant SAS will contain Monthly and/or Year-To-Date data (depending on your Report settings in COD) in three sections

- Pell Grant Cash Summary
- Pell Grant Cash Detail
- Pell Grant Award Level Disbursement Summary

or

- Pell Grant Disbursement Level Detail

Title IV Reconciliation - Action

Request the Pell Grant SAS via the link on the "Reports Request" screen on the COD Web

- Report Activity Type provides three (3) options
  - ✓Year-to-Date
  - ✓Monthly
  - ✓Date Range

Title IV Reconciliation - Action

Direct Loan Reports for Reconciliation

- Direct Loan School Account Statement (SAIG)
  - ✓Generated the first "full" weekend of the month
    - ➢ Month-to-Month or Year-to-Date
  - ✓***Provides the Department's official Ending Cash Balance (ECB)***
- Direct Loan School Account Statement Disbursement Detail on Demand (SAIG)
  - ✓Request via COD batch menu
  - ✓Year to date, month to date, date range
  - ✓Can be in the same or different format than the School Account Statement (SAS)

Title IV Reconciliation - Action

Direct Loan Reports for Reconciliation

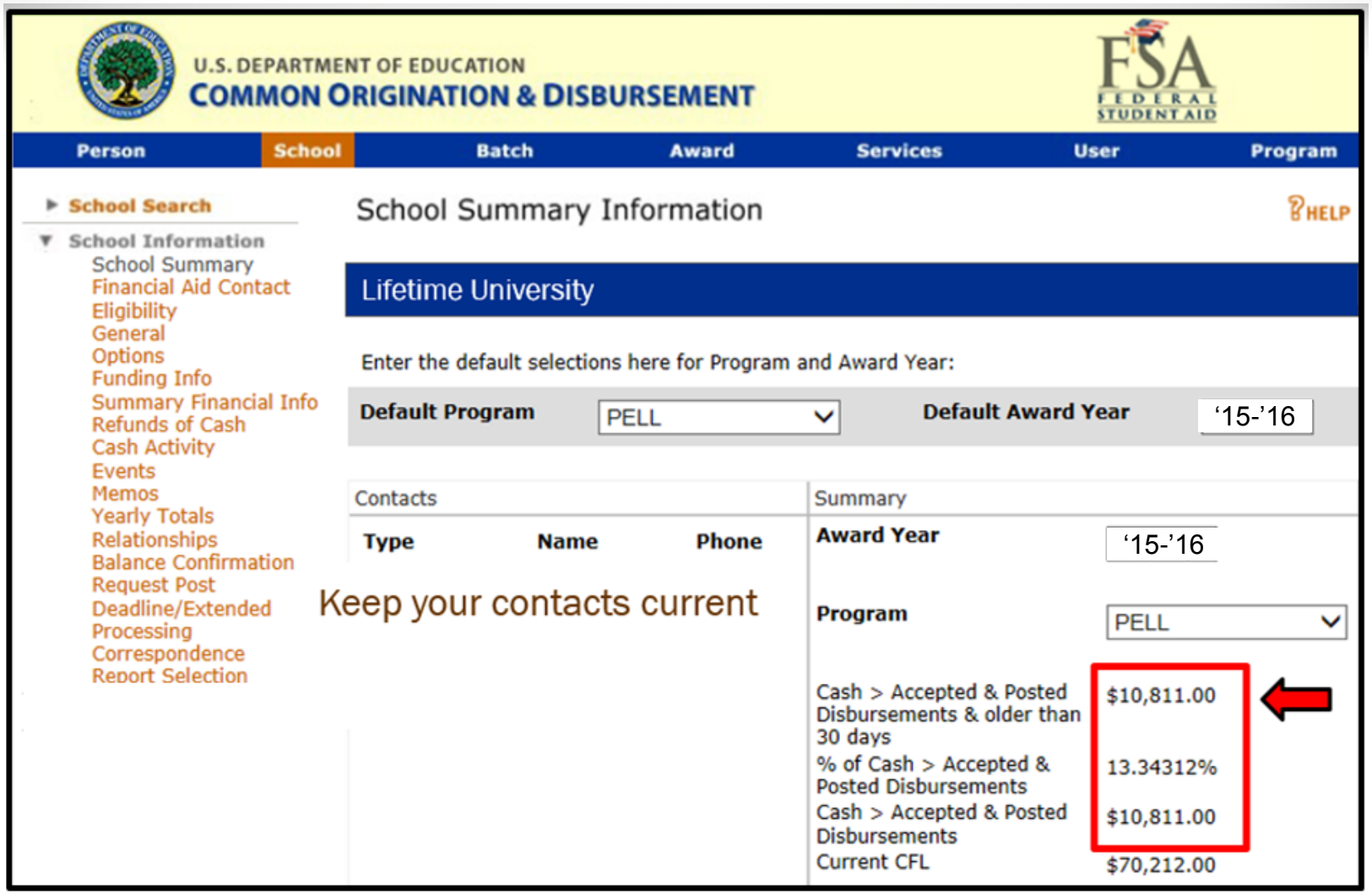
- Pending Disbursement List
  - ✓Weekly report that identifies disbursements with DRI=FALSE up to 45 days in the future or any date preceding the date of the report
    - ➢ Sent to your SAIG Mailbox
    - ➢ Posted to the COD Website in your School NewsBox
- Direct Loan Actual Disbursement List
  - ✓Weekly report that displays actual disbursement activity from the previous Saturday to Friday
    - ➢ Sent to your SAIG Mailbox
    - ➢ Posted to the COD Website in your School NewsBox

Title IV Reconciliation - Action

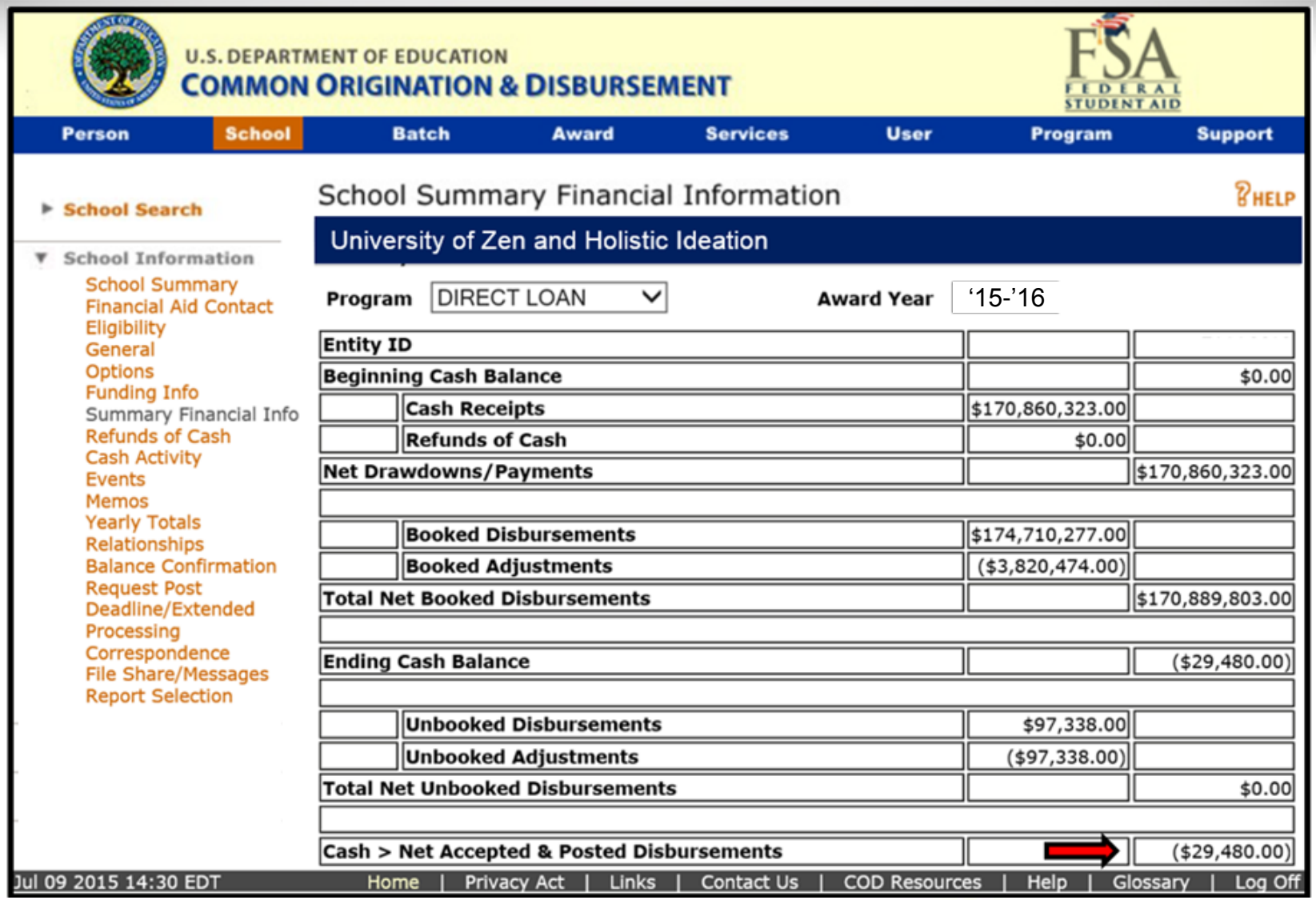
COD web screens…

- School Tab
  - ✓Summary Information
  - ✓School Funding Information
  - ✓School Summary Financial Information
- Batch Tab
  - ✓Action Queue

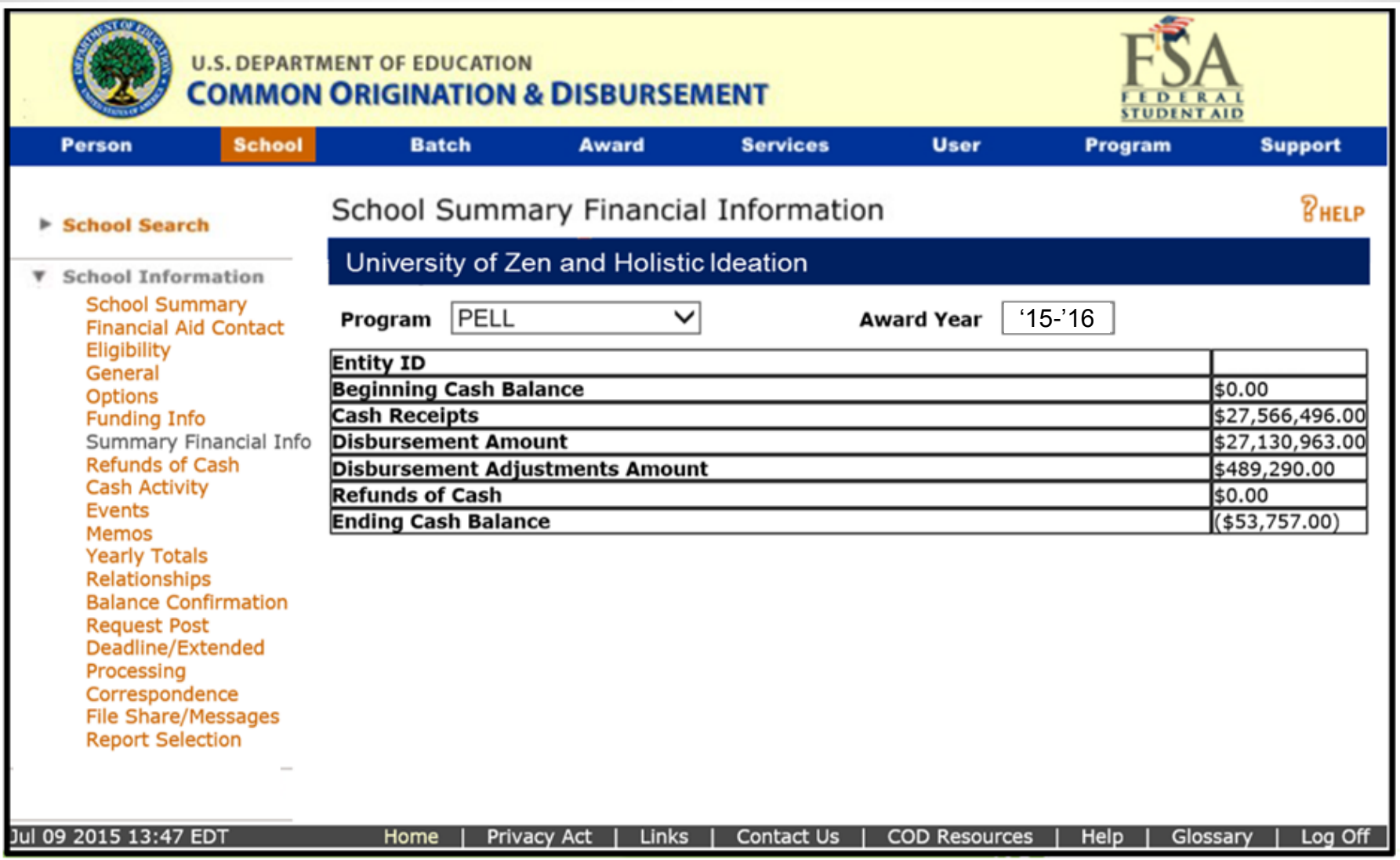
Title IV Reconciliation - Action



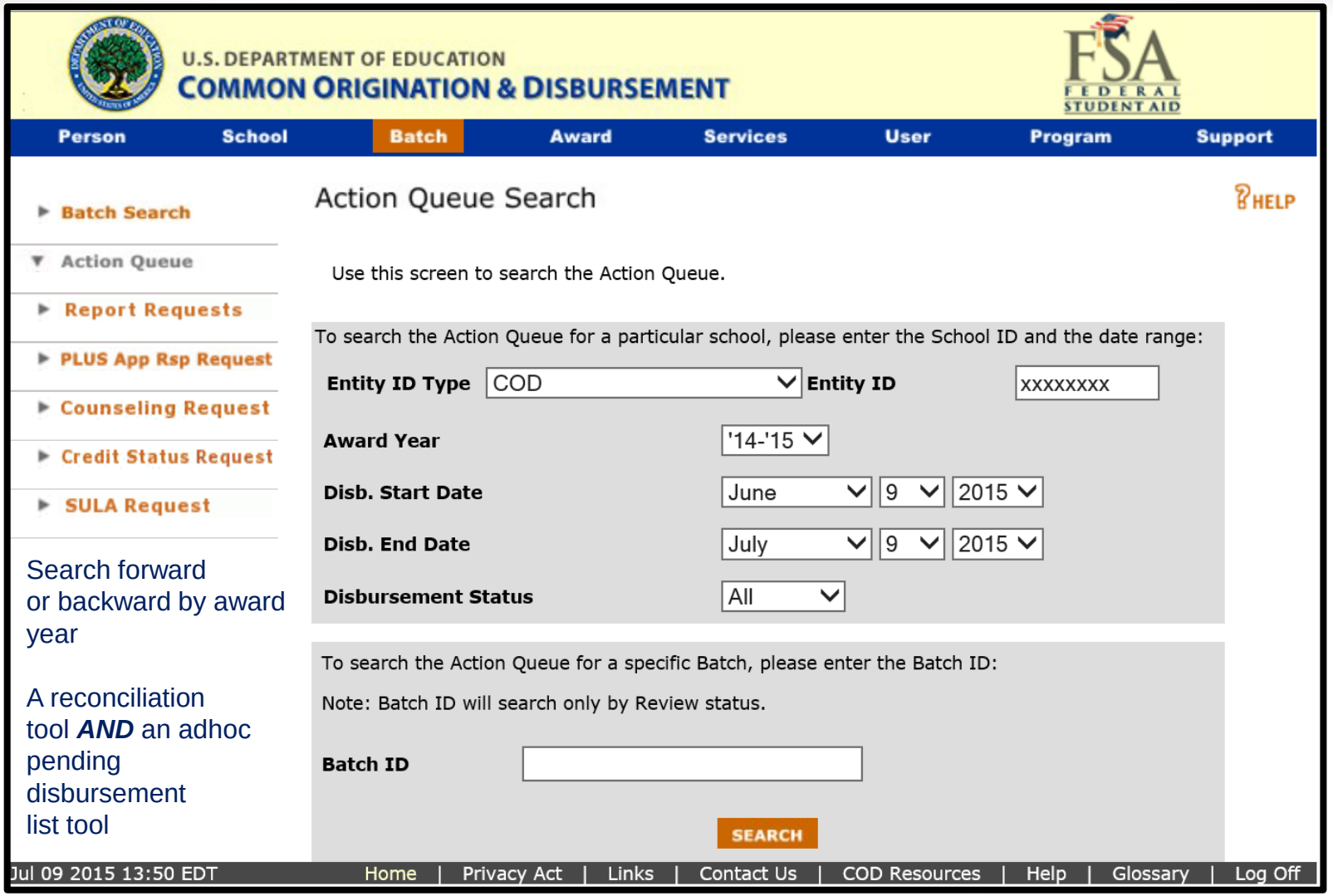
Title IV Reconciliation - Action



Title IV Reconciliation - Action



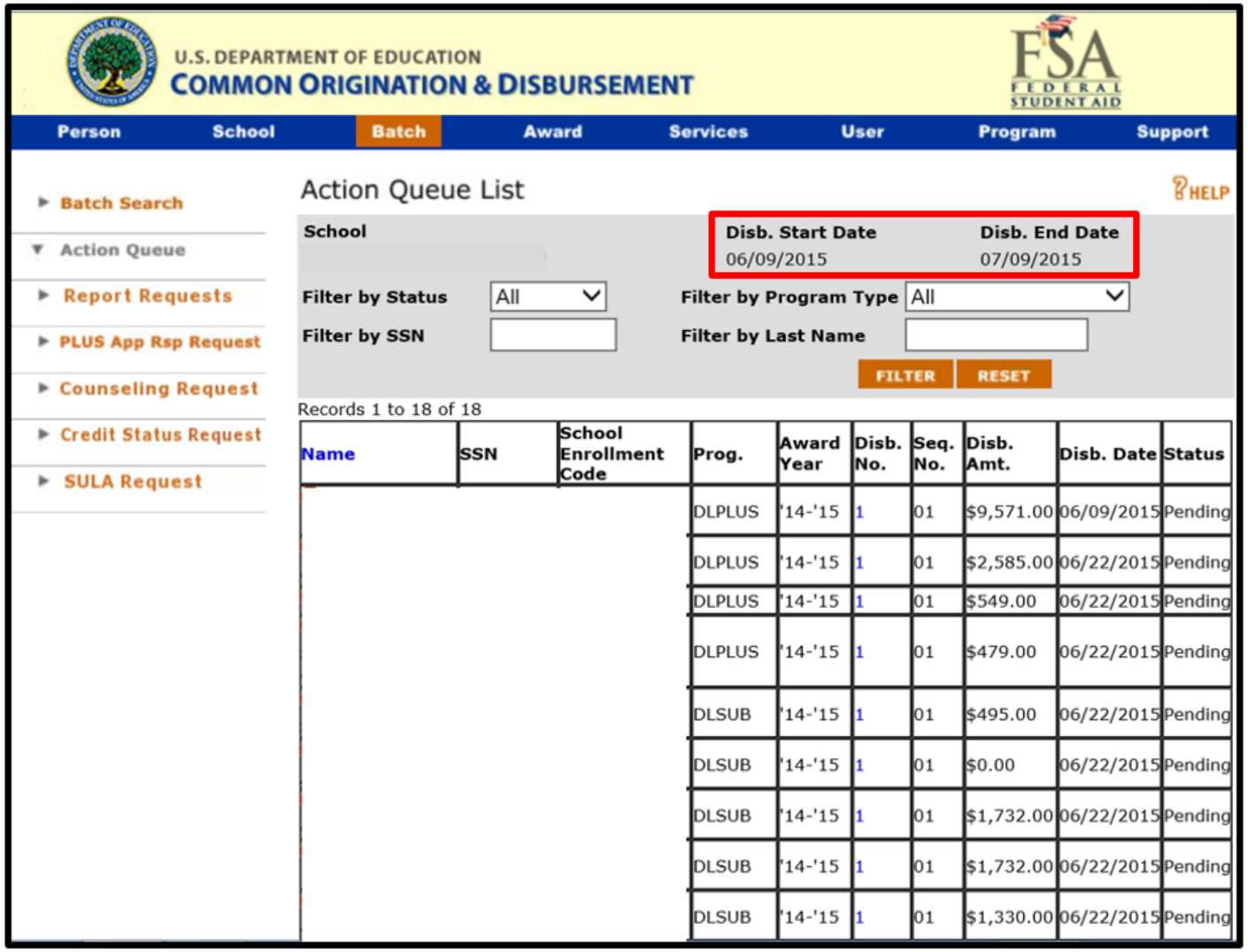
Title IV Reconciliation - Action



Search forward or backward by award year

A reconciliation tool ***AND*** an adhoc pending disbursement list tool

Title IV Reconciliation - Action



Title IV Reconciliation - Action

Use the G5 Website to monitor cash activity

- Drawdowns
- Return of funds
- Reports
- Funding information on the G5 Website is NOT student specific
  - ✓Does NOT reflect disbursement level data
- "Read Only" access is available for Financial Aid Office staff
  - ✓Work with your Business Office staff to gain access

Title IV Reconciliation - Action

Award ID numbers are Program and Award Year specific…

Program	G5 Award Number	Award Year
Direct Loan	P268K17####	Trailing Year
TEACH	P379T17####	Trailing Year
Pell	P063P16####	Leading Year
IASG	P408A16####	Leading Year
Campus-Based	FWS: P033A16#### SEOG: P007A16####	Leading Year

NOTE: # represents your school's GAPS number found in COD

Title IV Reconciliation - Action

Final Reconciliation and Program Year Closeout for the Direct Loan Program

- An extension of regular and routine reconciliation accomplished throughout the award year
- MUST result in an Ending Cash Balance of $0
  - ✓Net Drawdowns = Net Accepted and Posted Disbursements
- Should be completed shortly after the final disbursements for that award year and program are made
  - ✓Remember…those “final” disbursements MUST be sent to COD within 15-days of occurrence

Title IV Reconciliation - Action

Closeout and reconciliation deadline dates

- Direct Loan Program…
  - ✓Last business day of July in the year following the award year pair
  - ✓Closeout Deadline Date for award year 2014-2015 was July 29, 2016
- Pell Grant
  - ✓September 30
    - ➢ If September 30 falls on a weekend then the date is the first weekday following September 30
    - ➢ No new originations and no upward adjustment to an already made disbursement without Administrative Relief after deadline date

Title IV Reconciliation - Action

Funding Cancellation

- Pell Grant Award Years “cancel” five (5) years after the end of the award year
  - ✓For the 2011-2012 award year it will be September 30, 2017…
  - ✓You must be 100% reconciled
    - ➢ Ending Cash Balance = $0
  - ✓No additional disbursement or disbursement adjustment data can be sent to COD
  - ✓No Award ID in G5
    - ➢ No available funds
    - ➢ Returns MUST be returned via G5 to a “Miscellaneous” account

Title IV Reconciliation - Action

Reconciliation Resources

- IFAP Postings
  - ✓You MUST monitor IFAP to be considered administratively capable
  - ✓Recorded training materials
- COD Technical Reference
  - ✓Implementation Guide
  - ✓Edits
  - ✓Reports
- FSA Handbook
  - ✓Volume 4

Title IV Reconciliation - Action

Reconciliation Resources

- COD Reconciliation Specialists
  - ✓1.800.848.0978 (D/L)
  - ✓1.800.474.7268 (Grants)

Title IV Reconciliation - Action

Wood Mason
U.S. Department of Education
Federal Student Aid
Atlanta, GA
770.383.9662
wood.mason@ed.gov