Direct Loan Reconciliation:
Accounting for
Direct Loan Funds

Foreign Schools Training - 2010

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Direct Loan Reconciliation

The process by which the Direct Loan Cash Balance recorded on the Department of Education system is reviewed and compared with a school's internal records on a monthly basis.

The school must:

- identify and resolve discrepancies, and
- document reasons for their Ending Cash Balance (ECB)

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Ending Cash Balance (ECB)

Total Net Drawdowns
−   Total Net Booked Disbursements

────────────────────────────

=   Ending Cash Balance


Program Year Closeout

The process by which schools complete final processing for a Direct Loan award year.

- Culmination of the monthly reconciliation process
- Completed:
  - DL funds received, returned, adjusted, disbursed *equal zero* Ending Cash Balance
- Final deadline: end of July of the year following end of the award year (7/31/2012 for 10/11 award year)

Note: 30 Day reporting requirement supersedes both reconciliation and closeout requirements

Reconciliation: Three Key Components
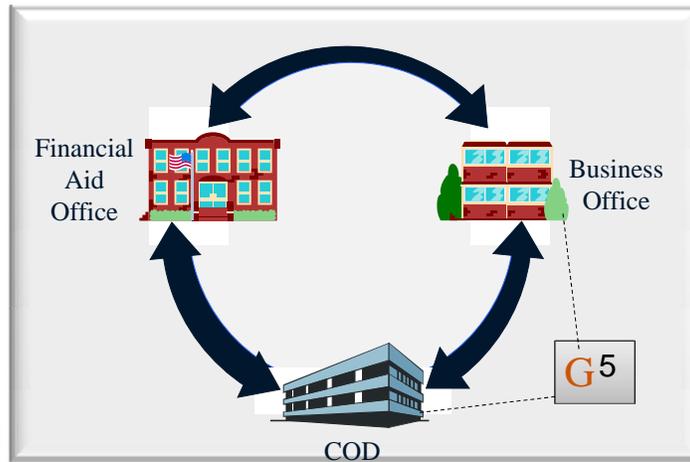
DL Reconciliation

- Monthly activity
  - School reconciles internally, FAA and Business offices
  - School reconciles externally with COD
    - Reconcile cash, loan summary, and loan detail
  - Document your reconciliation
- Aids to Reconciliation
  - School Account Statement (from COD through SAIG)
  - COD screens and reports
  - Direct Loan Tools Software (FSA Download site)
  - COD Reconciliation specialists
  - Financial aid and business office reports

School Account Statement (SAS)

- Sent to schools via SAIG

- Generated by COD on 1st weekend of the month

- Contains data through the end of the previous month

- Separate SAS for each open award year

- Contains official Department Ending Cash Balance

School Account Statement (SAS)

- Four Primary SAS Components
  - Cash Summary
  - Disbursement Summary by Loan Type
  - Cash Detail
  - Loan Detail (Loan or Disbursement Activity Level)
- Different Report Options
  - Format
  - Content

Using EDconnect to Retrieve the SAS File

EDconnect

- EDconnect is a Windows-based software that assists users with sending, receiving, and managing their Federal student aid information electronically.

  – Requires Internet Connection

EDconnect - Download

- FSAdownload.ed.gov
- User Guide
- Message Class File
  - List of SAS message classes

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EDconnect - Receiving Data

- When EDconnect connects to your SAIG mailbox, it retrieves the processed files placed in your SAIG mailbox by a Title IV Application System and returns them to your PC.
- You *receive data by adding requests to the Transmission Queue.*

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EDconnect – Transmission Queue

The **Transmission Queue (TQ)** is a list of pending requests to send or receive data and/or to make a password change.

EDconnect – Data Transmission Menu

You can open the **TQ** by selecting New from the File menu and choosing Transmission Queue from the list of views.
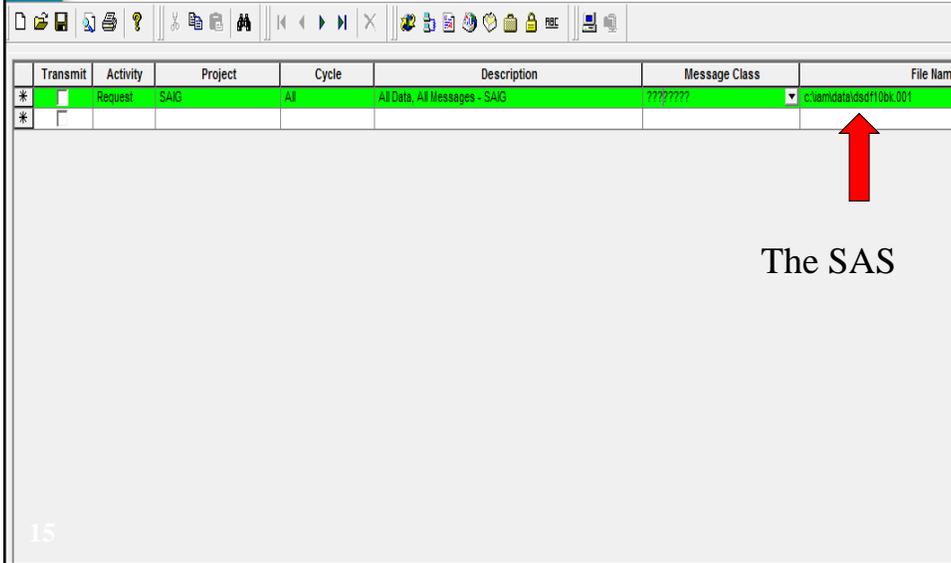
The Transmission menu on the main menu bar gives you three choices: **Now, Later, and Test.**

Selecting the **Now** option starts a connection to the SAIG immediately. All data queued for sending to the SAIG and properly marked in the Transmission Queue are sent.
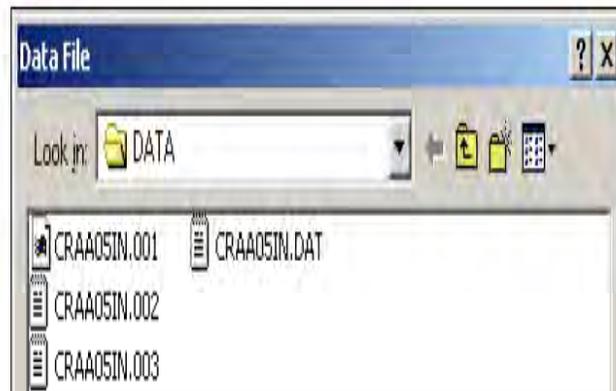
How it Works- Transmission Queue

Transmit	Activity	Project	Cycle	Description	Message Class	File Name
☐	Request	SAIG	All	All Data, All Messages - SAIG	????????	c:\iam\data\dsdf10bk.001
☐						

The SAS

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EDconnect - Locating Files

Data File

Look in: DATA

CRAA05IN.001   CRAA05IN.DAT
CRAA05IN.002
CRAA05IN.003

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School Account Statement

Alternate Formats

START HERE
GO FURTHER
FEDERAL STUDENT AID
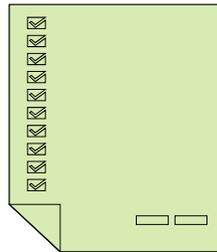
Setting Report Options in COD

https://cod.ed.gov

Person	School	Batch	Award	Services	User

► School Search

▼ School Information
  School Summary
  Financial Aid Contact
  Eligibility
  General
  Options
  Funding Info
  Summary Financial Info
  Refunds of Cash
  Cash Activity
  Events
  Memos
  Yearly Totals
  Relationships
  Balance Confirmation
  Request Post Deadline
  Processing
  Correspondence
  Report Selection

Report Selection   ? HELP

Report Selection

Program	Direct Loan	Award Year	'07-'08 ▼

Award Year Specific Reports

30 Day Warning:		Preformatted ▼
		Preformatted
		Comma Delimited
Funded Disbursement List		Pipe Delimited
		Do Not Distribute
Pending Disbursement List		
SAS		Modify SAS Options

Non-Award Year Specific Reports

Duplicate Student Borrower	Preformatted ▼
Inactive Loans	Preformatted ▼
SSN/Name/Date of Birth Change	Preformatted ▼
MPN Discharge	Fixed Length ▼
Expired MPN	Fixed Length ▼
MPNs Due to Expire	Fixed Length ▼

SUBMIT

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SAS (Alternate Formats)

U.S. DEPARTMENT OF EDUCATION
SCHOOL ACCOUNT STATEMENT CASH SUMMA
SCHOOL CODE: G99999
SCHOOL NAME: ELECTRONIC UNIVERSITY

STATEMENT REC ORD TYPE	SCHOOL ACCOUNT STATEMENT BATCH IDENTIFIER	SCHOOL CODE	BEGINNING CASH BALANCE	CASH RECEIPTS	REFUNDS OF CASH	NET DRAWDOWNS/PAY MENTS	BOOKED DISBURSE MENTS	BOOKED ADJUSTM ENTS	TOTAL NET BOOKED DISBURSE MENTS	ENDING CASH BALANCE	ED RSF ...	ENDING CASH BALANCE	UNBOOK ED DISBURSE MENTS	UNBOOK ED ADJUSTM ENTS	TOTAL NET UNBOOKE D DISBURSE MENTS
	AS9G9999920081101221143	G99999	0	7215	0	7215	3434	398	3832	3383	832	3383	3483	-100	3383

U.S. DEPARTMENT OF EDUCATION
SCHOOL ACCOUNT STATEMENT SAS CASH SU

Cash Summary

ORD TYPE	STATEMENT BATCH IDENTIFIER	SCHOOL CODE	REGION CODE	STATE CODE	END DATE	PROCESS DATE	CASH SUMMARY TYPE	BEGINNING CASH BALANCE	CASH RECEIPTS	REFUNDS OF CASH	NET DRAWDOWNS/PAY MENTS	BOOKED DISBURSE MENTS	BOOKED ADJUSTM ENTS	TOTAL NET BOOKED DISBURSE MENTS	ENDING CASH BALANCE	UNBOOK ED DISBURSE MENTS	UNBOOK ED ADJUSTM ENTS	TOTAL NET UNBOOKE D DISBURSE MENTS
	AS9G9999920081101221143	G99999	4	VA	20081031	20081101	T1	0	7215	0	7215	34						

U.S. DEPARTMENT OF EDUCATION
SCHOOL ACCOUNT STATEMENT CASH DETAIL YTD
SCHOOL CODE: G99999
SCHOOL NAME: ELECTRONIC UNIVERSITY

Comma Delimited with Headers

STATEMENT RECORD TYPE	SCHOOL ACCOUNT STATEMENT BATCH IDENTIFIER	SCHOOL CODE	REGION CODE	STATE CODE	END DATE	PROCESS DATE	TRANSACTION TYPE - CASH	TRANSACTION DATE	CHECK NUMBER	TRANSACTION AMOUNT	GAPS CONTROL NUMBER	RECORD COUNT E#
	AS9G9999920081101221143	G99999	4	VA	20081031	20081101	R	20081022		7215		3

U.S. DEPARTMENT OF EDUCATION
SCHOOL ACCOUNT STATEMENT DISBURSEMENT DET
SCHOOL CODE: G99999
SCHOOL NAME: ELECTRONIC UNIVERSITY

REC ORD TYPE	SAS BATCH IDENTIFIER	SCHOOL CODE	REGION CODE	STATE CODE	END DATE	RUN DATE	AWARD IDENTIFIER	LOAN BOOKED DATE	DISB BOOKED DATE	DISB ACT GROSS AMT	DISB ACT LOAN FEE AMT	DISB ACT INT REBATE AMT	DISB ACT NET AMT	DISB ACT NET ADJ	DISB NUMBER	DISB SEQ #	TRANS TYPE	TRANS DATE
D	A9G9999920081101221143	G99999	4	VA	20081031	20081101	56968056850S09G99999001	20081022	20081022	750	15	12	747	0	1	1	D	20081022
D	A9G9999920081101221143	G99999	4	VA	20081031	20081101	56968056850S09G99999001	20081022	20081022	500	10	8	498	0	2	1	D	20081022
D	A9G9999920081101221143	G99999	4	VA	20081031	20081101	57170057050S09G99999001	20081022	20081022	1200	24	18	1194	0	1	1	D	20081022
D	A9G9999920081101221143	G99999	4	VA	20081031	20081101	57170057050S09G99999001	20081022	20081022	1350	27	21	1344	150	1	2	A	20081022

School Account Statement

Components

Schools Account Statement
Cash Summary - YTD

```
Report Date:      05/04/2011  U.S. Department of Education        Page 1
Report Time:      09:53:20    Direct Loan Tools - 2010-2011
                              SAS Year-To-Date Cash Summary
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*************************************************************************
End Date:   04/30/2011

School Code:      G09009
Region Code:      02
State Code:       NJ


Beginning Balance:                                                  $0
       Cash Receipts:                      $13,074
       Refunds of Cash:                    -$1,350
Net Drawdowns/Payments:                                         $11,724

       Booked Disbursements:                $5,721
       Booked Adjustments:                 -$1,250
Total Net Booked Disbursements:                                  $4,471

Ending Cash Balance:                                             $7,253

       Unbooked Disbursements Actual:       $3,264
       Unbooked Adjustments:                   $0
Total Net Unbooked Disbursements:                                $3,264

Cash > Accepted and Posted Disbursements:                        $3,989
```

Schools Account Statement
Cash Summary - Monthly

```
Report Date:      05/04/2011  U.S. Department of Education        Page 1
Report Time:      09:59:50    Direct Loan Tools - 2010-2011
                              SAS Monthly Cash Summary
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*************************************************************************
End Date:   04/30/2011

School Code:      G09009
Region Code:      02
State Code:       NJ


Beginning Balance:                                              $3,264
       Cash Receipts:                       $4,089
       Refunds of Cash:                    -$1,350
Net Drawdowns/Payments:                                         $2,739

       Booked Disbursements:                   $0
       Booked Adjustments:                 -$1,250
Total Net Booked Disbursements:                                 -$1,250

Ending Cash Balance:                                            $7,253

       Unbooked Disbursements Actual:       $3,264
       Unbooked Adjustments:                   $0
Total Net Unbooked Disbursements:                               $3,264

Cash > Accepted and Posted Disbursements:                       $3,989
```

Cash Detail

```
Report Date: 5/04/2011          U.S. Department of Education            Page 1
Report Time:  10:18:06          Direct Loan Tools - 2010-2011
                                    SAS Cash Detail
                                                            Sort By: Trans Type
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
****************************************************************************

Date Range:                                          Trans Type: All

School Code:  G09009

End Date:  4/30/2011


              Trans                            COD Process      Payment Control/
Trans Type    Date            Trans Amount     Date             Check Number
_____    _____      _____     _____      _____

Receipt       03/28/2011            $8,985     04/01/2011       2011032812345
Receipt       04/28/2011            $4,089     04/30/2011       2011040767890
Refund        04/15/2011            $1,000     04/17/2011       000000101100
Refund        04/18/2011              $350     04/20/2011       000000101101


Total Cash Receipt Records:                    2
Total Refunds Cash Records                     2
Total SAS Cash Detail Records                  4

Total Cash Receipt Amount:                $13,074
Total Refunds of Cash Amount:              $1,350
```

Loan and Disbursement Detail

```
Report Date: 05/04/2011         U.S. Department of Education            Page 1
Report Time: 10:04:21           Direct Loan Tools - 2010-2011
                                SAS Loan and Disbursement Detail
                                                            Sort By: Last Name
        THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
****************************************************************************

School Code:                                    Booked Status: Unbooked

End Date:     04/30/2011

Student's Name
PLUS Borrower's Name          Record    Gross      Fee        Int Rebate    Net
  Loan ID                     Type      Amount     Amount     Amount        Amount
_____
                    Disb #  Seq #  Type   Disb Date    Gross Amount   Net amount
                    _____  _____  ____   _____    _____   _____


York, Charlotte
  222334444S10G09009001      Unbooked   $350       $10            $5    $345
                       1      1 D   05/02/2011        $350            $345

  222334444U10G09009001      Unbooked   $1,306     $39            $20   $1,287
                       1      1 D   05/02/2011        $1,306          $1,287


Hobbs, Miranda
  333445555S10G09009001      Unbooked   $1,656     $49            $25   $1,632
                       1      1 D   05/02/2011        $1,656          $1,632


Total Booked Loans:       0           $0
Total Unbooked Loans:     3        $3,312
Total Loans:              3        $3,312
Total Disbursements:      3        $3,312

Total Loan Gross Amount: $3,312
Total Loan Net Amount:   $3,264
```

Reconciliation: A Process Flow

School Receives SAS

Compare Cash Summary

Match ?

NO

YES

Compare Cash Detail

Compare Loan Detail

Resolve Issues

Resolved ?

NO

YES

DONE

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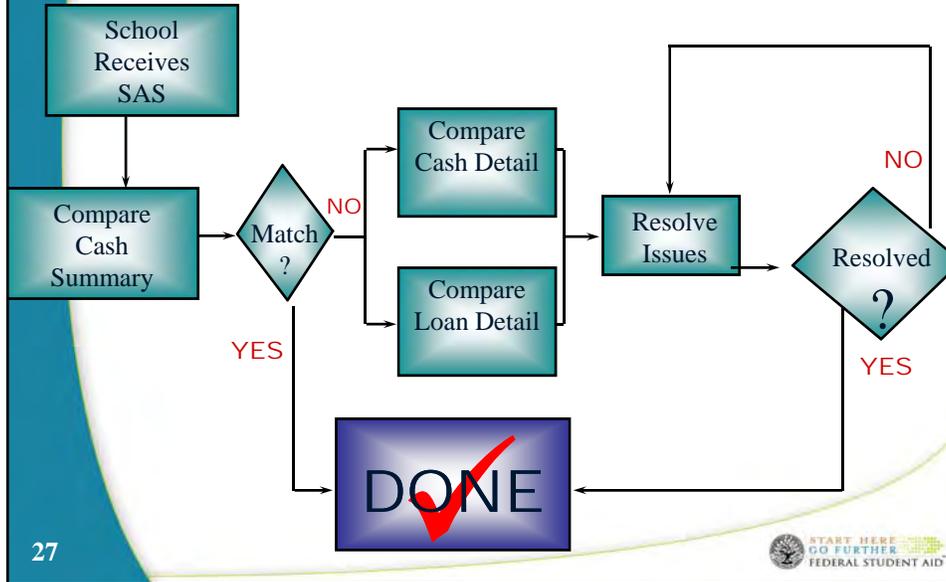
Cash Discrepancies:
Common Causes

- Timing Issues
- Cash Transactions in wrong year or split between years
- Funds sent as refunds of cash that should have been a payment (or reverse)
- Funds recycled for disbursement in a different award year

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Disbursement Discrepancies: Common Causes

- Unsent/unacknowledged disbursement batches
- Rejected disbursements
- Disbursements recorded in business office – not in financial aid office
- Unbooked records, including unreported subsequent disbursements and disbursement adjustments (rare)
- School data loss (rare)

START HERE
GO FURTHER
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Perform Internal Reconciliation

Compare Business Office & Financial Aid Office Records

- Develop procedures/schedule for internal reconciliation and assign responsibilities
- Compare based on overall cash/disbursement totals and/or student detail
- Troubleshoot discrepancies

START HERE
GO FURTHER
FEDERAL STUDENT AID

Business Office Report

Business Office Report	
Direct Loan Cash at School - YTD	
School Year 2010-2011	
Report End Date: 4/30/2011	
Drawdowns	$13,074.00
Returns	($2,075.00)
Net Cash (Credit)	**$10,999.00**
Disbursements	$12,249.00
Refunds	($1,250.00)
Total Disbursed (Debit)	**$10,999.00**
DL Cash at School	**$0.00**

ECB: Compare Business Office to Financial Aid Cash Summary
Internal Reconciliation at School*
As of 4/30/2011

BOOKED & UNBOOKED		SCHOOL'S BUSINESS OFFICE:		SCHOOL'S FINAID SYSTEM:		DIFFERENCE:	
Beginning Balance			$0		$0		$0
Cash Recipts	$13,074			$13,074		$0	
Refunds of Cash	($2,075)			($2,075)		$0	
Net Drawdowns/Payments			$10,999		$10,999		$0
Disbursements	$12,249			$9,847		$2,402	
Adjustments	($1,250)			$0		($1,250)	
Total Disbursed			$10,999		$9,847		$1,152
Ending Cash Balance			**$0**		**$1,152**		**($1,152)**

*School data then compared to relevant
SAS cash and disbursement data

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Business Office Disbursement Detail

Business Office Report
Direct Loan Disbursements -YTD
School Year 2010-2011

Report End Date: 4/30/2011

Loan ID	Trans Code	Description	Disb Num	Trans Date	Bus Office Net Disb Amt
444556666P11G09009001	DB	PLUS Loan Disb	1	3/23/2011	$3,657.00
444556666P11G09009001	RF	PLUS Loan Refund	1	3/24/2011	($1,000.00)
444556666P11G09009001	RF	PLUS Loan Refund	1	3/25/2011	($250.00)
444556666S11G09009001	DB	Stafford Sub Disb	1	3/25/2011	$432.00
111223333S11G09009001	DB	Stafford Sub Disb	1	3/25/2011	$647.00
111223333U11G09009001	DB	Stafford Unsub Disb	1	3/25/2011	$985.00
111234567S11G09009001	DB	Stafford Sub Disb	1	4/28/2011	$862.00
222334444S11G09009001	DB	Stafford Sub Disb	1	5/2/2011	$345.00
222334444S11G09009001	DB	Stafford Sub Disb	2	5/2/2011	$345.00
222334444U11G09009001	DB	Stafford Unsub Disb	1	5/2/2011	$1,287.00
222334444U11G09009001	DB	Stafford Unsub Disb	2	5/2/2011	$1,287.00
333445555U11G09009001	DB	Stafford Unsub Disb	1	5/2/2011	$1,632.00
333445555U11G09009001	DB	Stafford Unsub Disb	2	5/2/2011	$770.00

Disbursements:	$12,249.00
Refunds:	($1,250.00)
Total Disbursed:	$10,999.00

Compare Business Office to Financial Aid Disbursement Detail

Business Office Report
Direct Loan Disbursements -YTD
School Year 2010-2011

Report End Date: 4/30/2011

	Loan ID	Trans Code	Description	Disb Num	Trans Date	Bus Office Net Disb Amt	FAO Net Disb Amt	Difference	Recon Flag	Explanation
	444556666P11G09009001	DB	PLUS Loan Disb	1	3/23/2011	$3,657.00	$3,657.00	$0.00	R	
	444556666P11G09009001	RF	PLUS Loan Refund	1	3/24/2011	($1,000.00)		($1,000.00)		Not on FAO, is at COD
	444556666P11G09009001	RF	PLUS Loan Refund	1	3/25/2011	($250.00)		($250.00)		Not on FAO, is at COD
	444556666S11G09009001	DB	Stafford Sub Disb	1	3/25/2011	$432.00	$432.00	$0.00	R	
	111223333S11G09009001	DB	Stafford Sub Disb	1	3/25/2011	$647.00	$647.00	$0.00	R	
	111223333U11G09009001	DB	Stafford Unsub Disb	1	3/25/2011	$985.00	$985.00	$0.00	R	
	111234567S11G09009001	DB	Stafford Sub Disb	1	4/28/2011	$862.00	$862.00	$0.00	R	
	222334444S11G09009001	DB	Stafford Sub Disb	1	5/2/2011	$345.00	$345.00	$0.00	R	
X	222334444S11G09009001	DB	Stafford Sub Disb	2	5/2/2011	$345.00		$345.00		Not on FAO, Not on Cod
	222334444U11G09009001	DB	Stafford Unsub Disb	1	5/2/2011	$1,287.00	$1,287.00	$0.00	R	
X	222334444U11G09009001	DB	Stafford Unsub Disb	2	5/2/2011	$1,287.00		$1,287.00		Not on FAO, Not on Cod
	333445555U11G09009001	DB	Stafford Unsub Disb	1	5/2/2011	$1,632.00	$1,632.00	$0.00	R	
X	333445555U11G09009001	DB	Stafford Unsub Disb	2	5/2/2011	$770.00		$770.00		Not on FAO, Not on Cod

				FAO is Missing Disb Roster
Disbursements:	$12,249.00	$9,847.00	$2,402.00	5/2/2011
Refunds:	($1,250.00)	$0.00	($1,250.00)	Web Disbs done on COD

Internal Records and SAS

- Internal reconciliation between the business and financial aid office does NOT complete reconciliation
- *School must compare internal records with Department information*
  - Take internal records of disbursements, student eligibility and anticipated amounts and compare to COD information as reported on the SAS

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Reconciliation: Action Item List

Monthly Reconciliation Action Items

Month Ending: 4/30/2011   **Program Year: 2010-2011**

No	Action Item	Date Due	Date Completed
1.	Post 4/15 Disbursements totaling $2402 in Financial Aid System Batch and Send to COD.	5/11/2011	5/15/2011
2.	Business office must return $725 in G5 for George Washington	5/06/2011	
3.	Verify $3264 future-dated disbursements book on COD and drawn down by business office	5/11/2011	

Monthly Reconciliation is Complete When…

- All discrepancies have been identified and resolved
- Timing issues are tracked for reconciliation in next month's SAS
- Reasons for any Ending Cash Balance have been identified
- All monthly reconciliation efforts have been documented

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Other Administrative Considerations

Vision

Reconciliation is required on a monthly basis and at the end of the program year

- Who will perform this function at your school and which office will reconcile the cash detail or will it be a coordinated effort?

- How often will the parties involved communicate?

- Which systems will be used for the reconciliation process? i.e. Financial aid, Business office, COD, General Ledger, and G5

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Resources

- Additional Direct Loan training –
  - http:// ifap.ed.gov
    - *Foreign school information page* on right-hand side
  - Reconciliation Training Webinar
- COD Reconciliation Specialist
- www.direct.ed.gov
  - Manuals, guides, contacts, links -
- www.directstudentloancoalition.org
  - Coalition of current Direct Loan schools willing to discuss and assist schools in the Direct Loan program

---

Additional Help

- CPS/SAIG Technical Support
  - Phone: 319-665-4762
    - 7am – 7pm CT Monday-Friday
  - Email: CPSSAIG@ed.gov
- Direct Loans
  - foreignschooldlenrollment_fsa@ed.gov