

Direct Loan Reconciliation

Participant's Guide

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DIRECT LOAN RECONCILIATION
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Direct Loan Reconciliation Overview

RECONCILIATION

A General Definition

The process by which records from one system are compared to records from another, and any discrepancies are identified and resolved.



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 within their records.

When a school compares Business Office records of funds requested, received, disbursed and returned to Financial Aid Office records of funds awarded to students it is performing **Internal Reconciliation**. When the school compares its reconciled internal records to the Department's records of grants or loans originated and disbursed to students at the school it is performing **External Reconciliation**. When it performs external reconciliation, a school is ensuring that ED's records reconcile with the school's records, both at the cumulative and individual student levels .

Ending Cash Balance (ECB)

$$\begin{array}{r} \text{Total net drawdowns} \\ - \text{Total net booked disbursements} \\ \hline = \text{Ending Cash Balance} \end{array}$$

Schools should begin the reconciliation process by observing the **Ending Cash Balance** located on the School Account Statement (SAS) that Common Origination and Disbursement (COD) sends the school each month. Schools reconcile their Direct Loan account by comparing the SAS Cash Summary figures to the school's internal records to determine if there are discrepancies in one or more of the categories (Cash Receipts, Refunds of Cash, Booked Disbursements, Booked Adjustments, Unbooked Disbursements, and Unbooked Adjustments) that account for the Ending Cash Balance.

The **Ending Cash Balance** is determined by doing a comparison of net drawdowns from G5 against the actual booked disbursements that your school reports to COD. The **Ending Cash Balance** is always a year-to-date figure.

A booked loan consists of the following three components:

1. An accepted origination record from COD
2. A signed MPN that is linked to the origination record
3. An accepted actual disbursement has occurred

An unbooked disbursement is any actual disbursement to an unbooked loan, or any actual disbursement to a booked loan that has not yet been disbursed and booked in COD. However, for an unbooked disbursement to appear on the SAS, it must be accepted in COD, have a linked Pnote, and have an accepted future dated actual disbursement date. This can occur when an actual disbursement is accepted in COD with a date up to 7 days in the future. Once the disbursement actually occurs, it goes from being unbooked to booked.

Ideally, the net cash your school has received through G5 will be fully substantiated by the net booked disbursements your school has reported to COD. If so, your Ending Cash Balance will equal \$0.

Program Year Closeout

The process by which schools complete final processing at the end of a Direct Loan award year.

Direct Loan Reconciliation is a process that must be conducted on a monthly basis by a school. As an extension of the monthly reconciliation process, **Program Year Closeout** happens when schools complete final processing at the end of a Direct Loan award year.

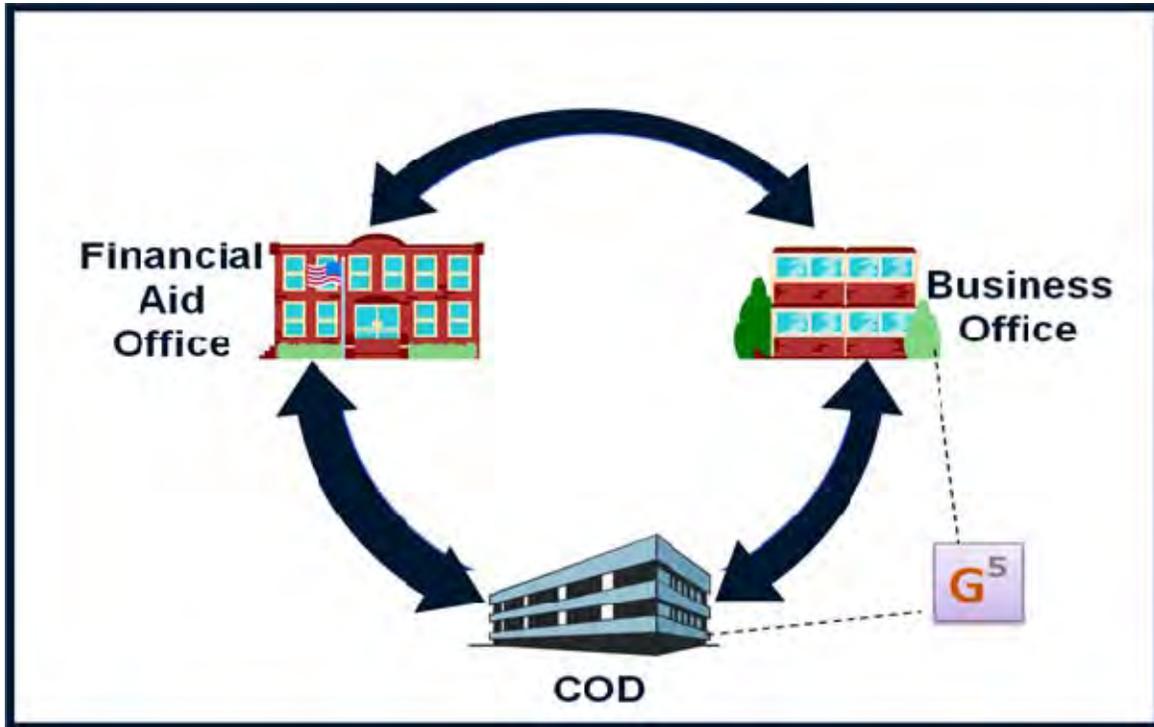
A school is required to complete final reconciliation and Program Year Closeout as soon as possible after the end of the award year, but no later than the Program Year Closeout deadline. The final deadline to complete the Program Year Closeout is the last processing day of July in the following year. For example, while the award year for 2009-10 ends June 30, 2010, the deadline to complete the Program Year Closeout for that award year is July 29, 2011.

A final reconciliation should allow a school to identify and resolve any remaining discrepancies and ensure that any remaining funds are returned or a final drawdown is made. Closeout is simply a final reconciliation to a \$0 balance.

⇒ ***What office has primary responsibility for monthly reconciliation and program year closeout on your campus?***

⇒ ***Will there be a particular person in that office that will be assigned to conduct a monthly reconciliation and program year closeout? If so, who?***

Reconciliation: Three Key Systems



Reconciliation cannot occur without cooperation and communication between three separate entities:

1. The Financial Aid Office
2. The Business Office
3. COD

In general, the financial aid office and the business office will exchange data on students/parents who receive Direct Loan funds. A procedure must be put in place utilizing internal records to ensure the amount of drawdown funds are substantiated by the disbursements reported to COD.

⇒ ***What are the procedures your school uses to communicate information between your financial aid and business offices?***

Overview of Reconciliation Tools and Resources

School Account Statement (SAS): A COD generated report that is sent to your SAIG Mailbox each month. Schools are required to use the information from this report to compare against their own internal records and reconcile the difference. This report is made up of four primary components; Cash Summary, Disbursement Summary by Loan Type, Cash Detail, and Loan Detail.

COD Website: While the School Account Statement (SAS) provides activity that occurred up until the end of the preceding month, schools are able to obtain near real-time information by referring to the COD website.

Direct Loan Tools: ED software that allows a school to compare their own system records against data reflected in the School Account Statement (SAS), print the SAS in a customized format, track cash receipts and refunds, and rebuild their origination and disbursement records as necessary. This resource is available for free from fsdownload.gov and can be used by any financial aid system.

Student Files: A foundational resource for building records in your financial aid system and internal reports. Schools will often refer to student files to ensure the accuracy of both internal and external records.

Financial Aid Office Reports and Business Office Reports: Both the Financial Aid Office and the Business Office should have reports that justify, substantiate, and record Direct Loan funds awarded to students/parents. The reports can be used to ensure an accurate internal reconciliation is conducted between offices as well as a comparison of records against ED systems.

COD Customer Service: Schools are able to obtain assistance with Direct Loan/COD related questions by calling 1(800)848-0978. Schools can also request the assistance of a reconciliation specialist that has been assigned to them. In addition to phone support, COD will generate various reports that alert a school that it has unsubstantiated cash in the Direct Loan program.

⇒ ***What are some procedures your school can put in place to maximize the availability of these resources?***

School Account Statement (SAS)

The School Account Statement (SAS) is generated by COD on the first full week-end of the month and is delivered to your school through SAIG on Monday. This report will contain all Direct Loan activity through the last day of the preceding month. For instance, a School Account Statement received on October 6th will contain all Direct Loan activity that occurred through September 30th.

A school can elect to receive a SAS with monthly detail data related only to activity that occurred in the preceding month, or a SAS with year-to-date-detail data related to activity that occurred for the entire award year up until the end of the preceding month.

The School Account Statement consists of the following four components:

①

Cash Summary

Cash Summary

This is a high-level summary that provides the school with a net draw-down of cash compared against the net booked disbursements with a resulting Ending Cash Balance. The SAS will always contain both a monthly and a year-to-date Cash Summary.

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

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Disbursement by Loan Summary Type

Disbursement Summary by Loan Type

This summary provides the amount of loan funds disbursed during the reported period on the basis of loan type (Subsidized, Unsubsidized, and PLUS). If this option is selected the school will receive both a monthly and YTD record. This section provides schools with loan volume information which may or may not be used for reconciliation purposes.

Report Date:	05/04/2011	U.S. Department of Education	Page 1
Report Time:	09:59:50	Direct Loan Tools - 2010-2011	
SAS Monthly Disbursement 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		
	Subsidized	Unsubsidized	PLUS
Booked Gross	-\$1,282	\$0	\$0
Booked Fee	-\$52	\$0	\$0
Booked Interest Rebate	-\$20	\$0	\$0
Booked Net	-\$1,250	\$0	\$0
Unbooked Gross	\$350	\$2,962	\$0
Unbooked Fee	\$10	\$88	\$0
Unbooked Interest Rebate	\$5	\$45	\$0
Unbooked Net	\$345	\$2,919	\$0
	All Loans		
Booked Gross	-\$1,282		
Booked Fee	-\$52		
Booked Interest Rebate	-\$20		
Booked Net	-\$1,250		
Unbooked Gross	\$3,312		
Unbooked Fee	\$98		
Unbooked Interest Rebate	\$50		
Unbooked Net	\$3,264		

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Cash Detail

Cash Detail

This report contains data providing a breakdown of Cash Receipts and Refunds of Cash that occurred during the reported period (monthly or YTD) through G5. School's can use this data to compare against their own internal cash activity records within the Business Office.

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 Type	Trans Date	Trans Amount	COD Process Date	Payment Control/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	

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Loan/Disbursement Detail

Loan Detail

This report contains all actual disbursement and disbursement adjustment activity that occurred and was accepted by COD during the reported period (monthly or YTD). This portion of the report is very helpful because it allows the school to match individual COD accepted disbursements and adjustments against individual disbursements and adjustments reflected in its own financial aid system .

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	Record	Gross	Fee	Int Rebate	Net
PLUS Borrower's Name	Type	Amount	Amount	Amount	Amount
Loan ID					
	Disb #	Seq #	Type	Disb Date	Gross Amount
					Net amount
York, Charlotte					
222334444810G09009001	Unbooked		\$350	\$10	\$5
	1	1 D	05/02/2011		\$350
					\$245
222334444U10G09009001	Unbooked		\$1,306	\$39	\$20
	1	1 D	05/02/2011		\$1,306
					\$1,287
Hobbs, Miranda					
333445555810G09009001	Unbooked		\$1,656	\$49	\$25
	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		

U.S. DEPARTMENT OF EDUCATION
COMMON ORIGINATION & DISBURSEMENT

FSA
FEDERAL
STUDENT AID

Person School Batch Award Services User

School Search

SAS Options HELP

UNIVERSITY OF SAN FRANCISCO

Program: DIRECT LOAN Award Year: '10-'11

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	No
Loan Level (optional)	N/A	No

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

UPDATE

COD SAS Options

Accessible by going to School Menu / Report Selection / SAS Options

Report Format (Fixed Length*, Comma-Delimited, Comma-Delimited With Headers, Pipe-Delimited) – This determines which format will be used to generate the report for your school. If you plan to use DL Tools to format your report and/or run a comparison to school records, you must select Fixed Length.

Include Names of Borrowers (Yes/No*)–. This option is available for all formats EXCEPT Fixed Length, Disbursement Detail (Monthly or YTD).

Report Activity Type (Monthly*, Year-to-Date, Both) – This option will determine whether you receive Monthly, YTD, or both Monthly and YTD Cash Detail in your SAS Reports. It will also determine the level of detail you can choose to receive in the Disbursement and Loan Level Detail sections of the report (these options are set separately, since disbursement/loan detail is optional for schools to receive). 1) If you choose both, your school will receive at least two separate SAS reports each month – one with Monthly detail, and one with YTD detail. 2) If you wish to use the DL Tools software to compare the SAS to your internal school records each month, you MUST receive YTD detail on the SAS report.

(COD SAS Options Continued . . .)

Summary by Loan Type (Yes*/No) – This refers to the Disbursement Summary by Loan Type section of the SAS report. Many schools find this information useful in determining loan volumes disbursed by each loan type (Sub, Unsub, PLUS, or Totals).

Disbursement Detail (Yes*/No for Monthly and/or YTD, based on the Report Activity Type chosen above.) - This section of the SAS provides transaction-level detail of all disbursements and adjustments accepted or booked during the reported period.

Loan Level (optional) – (Yes*/No for YTD only. If you choose Report Activity Type Monthly, you will not be able to receive Loan Level Detail and this field will display “N/A.”) This section of the SAS provides total disbursed amounts for each loan that was accepted and/or booked on COD for the program year-to-date. This section of the SAS is not available for a monthly period.

Note: If you do not change your SAS options, you will receive the defaults (noted by an asterisk above). This means that you will receive a Fixed-Length SAS, with Monthly and YTD Cash Summaries, Monthly and YTD Disbursement Summary by Loan Type, Monthly Cash Detail, and Monthly Disbursement Detail (Without Borrower Names).

⇒ **Taking into consideration your institutional processes and system / software, which SAS options would work for you?**

Report Format:

Name of Borrowers:

Report Activity Type:

Summary by Loan Type:

Disbursement Detail:

Loan Level Detail:

School Account Statement (SAS) Cash Summary - Year to Date

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:			<input style="width: 50px; height: 20px;" type="text"/>
Unbooked Disbursements Actual:	\$3,264		
Unbooked Adjustments:	\$0		
Total Net Unbooked Disbursements:			\$3,264
Cash > Accepted and Posted Disbursements:			\$3,989

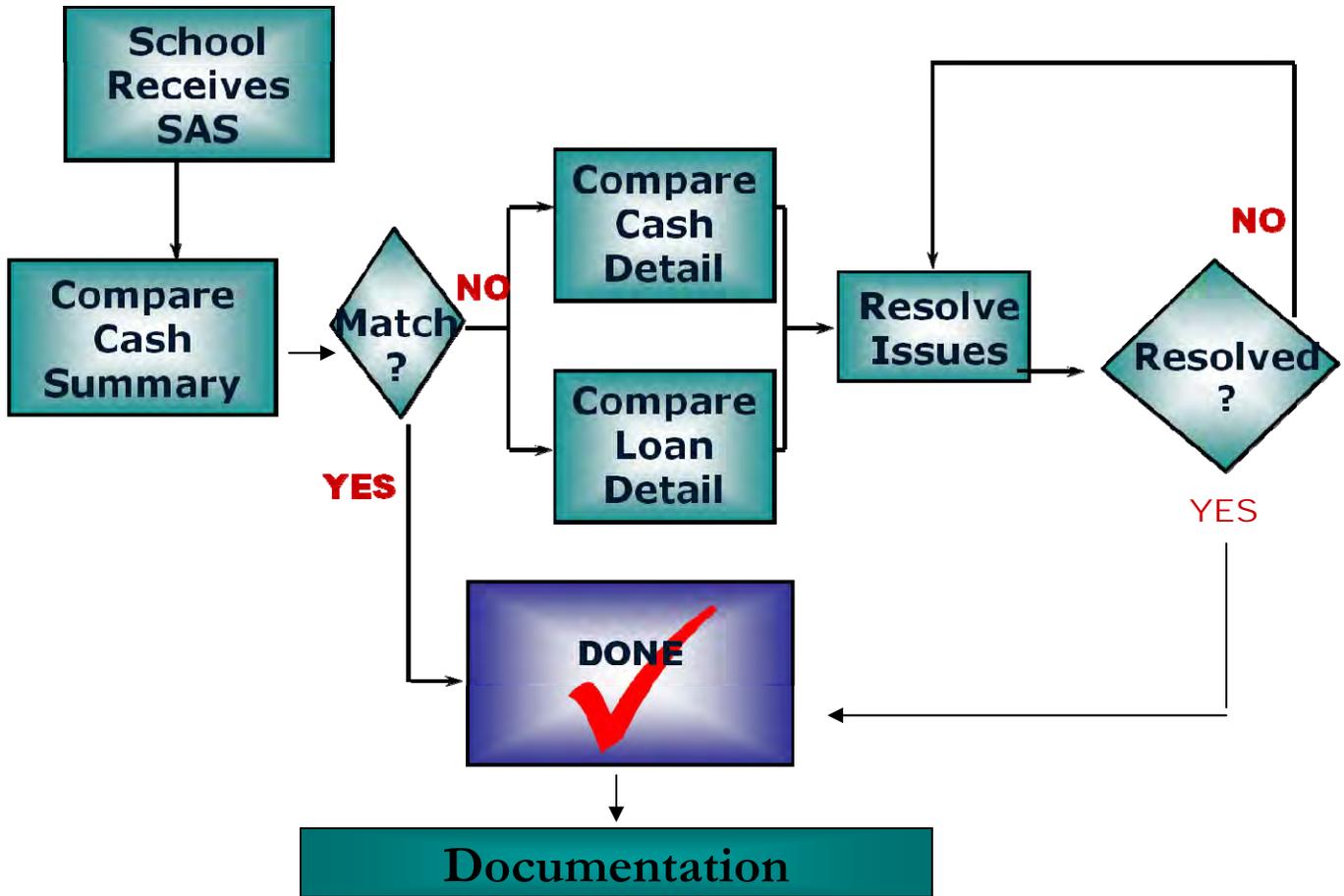
Exercise #1

1. For the Net Booked Disbursement field above, does the sum of \$4,471 reflect disbursement activity for the entire award year or is it for disbursement activity for the preceding month only?

2. Since the Ending Cash Balance is determined by subtracting the Total Net Booked Disbursements from the Net Drawdowns, what does the Ending Cash Balance equal using the screenshot above?

3. This Cash Summary shows an Unbooked Disbursements Actual amount of \$3,264. If this figure represents Actual Disbursements, why are they listed as Unbooked?

Reconciliation: A Process Flow



Notes: _____

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Comparing Cash Summaries

Comparing Cash Summaries

Upon receipt of the School Account Statement (SAS) from COD, the school will want to perform a comparison of SAS Cash Summary data to summary figures on their school system for Cash Receipts, Refunds of Cash, Booked Disbursements, and Booked Adjustments, as well as for Ending Cash Balance. Remember, Direct Loan program funds are year specific, so it is very important that the school is comparing “apples to apples” when it performs a comparison at the cash summary level.

Cash Summary from School Records

Report Date: 5/04/2011	U.S. Department of Education	Page 1
Report Time: 10:21:06	Direct Loan Tools - 2010-2011	
	Cash Report - Summary	
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT *****		
Date Range: 07/01/2010 to 04/30/2011		
School Code: G09009		
Cash Receipts:	\$13,074	
Refund of Cash:	\$2,075	
Total Cash (Receipts - Refunds of Cash):		\$10,099
Total Disbursement Net Amount from EDEExpress:		\$9,847
Ending Cash Balance (Total Cash - Total Net Disbursements):		\$1,152

The above screenshot is an example of a report that a school can produce to assist in performing a cash summary comparison. This particular report was produced from ED’s Direct Loan Tools software, but you may have something similar available at your school even if you do not use DL Tools. This report includes the cash receipts and refunds of cash as entered in DL Tools software by the school, as well as the disbursements processed through the school’s EDEExpress database, and calculates an Ending Cash Balance. ***This is NOT a SAS report!***

Direct Loan Tools software contains different reports that can be utilized by any school, not just EDEExpress schools. However, you are not obligated to use the software.

Cash Summary Comparison Spreadsheet

	School's Finaid System:	COD School Acct. Statement (SAS)	Discrepancies
Beginning Balance	\$0	\$0	
Cash Receipts	\$13,074	\$13,074	
Refunds of Cash	(\$2,075)	(\$1,350)	
Net Drawdowns/ Payments	\$10,999	\$11,724	
Booked Disbursements	\$5,721	\$5,721	
Booked Adjustments	\$0	(\$1,250)	
Total Net Booked Disbs	\$5,721	\$4,471	
Ending Cash Balance	\$5,278	\$7,253	
<hr/>			
Unbooked Disbursements	\$4,126	\$3,264	
Unbooked Adjustments	\$0	\$0	
Total Net Unbooked Disbs	\$4,126	\$3,264	
<hr/>			
Cash>Net Accepted and Posted Disbs	\$1,152	\$3,989	

Utilizing the Cash Summary Comparison Spreadsheet above demonstrates a cash summary comparison for our school. The first column contains the cash summary information from the school's system and the second column contains the cash summary information from the SAS.

Exercise #2

⇒ **Using the column to the right of the spreadsheet, identify any discrepancies found between the financial aid system records and COD. Use the questions bellow as a guide.**

- | | |
|----------------------------------|---------------------------------|
| Do Cash Receipts match? | If not, what is the difference? |
| Do Refunds of Cash match? | If not, what is the difference? |
| Do Booked Disbursements match? | If not, what is the difference? |
| Do Booked Adjustments match? | If not, what is the difference? |
| Do Unbooked Disbursements match? | If not, what is the difference? |
| Do Unbooked Adjustments match? | If not, what is the difference? |

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Cash Detail Reconciliation

Cash Detail

The monthly Cash Detail section of the SAS provides cash transaction level information that should be compared to your school's internal records reflecting:

- Cash Receipts (drawdown) information
- Refunds (of Cash) information

Four Most Common Cash Discrepancies

When performing reconciliation, a school's cash position may be different than the Department's detail. Below is a list of some of the more common cash detail discrepancies.

1. Timing: the SAS is a snapshot of data as of the end of the reported month - if cash transactions are processed in COD after the end of the month, they will not appear in the SAS Cash Detail until the following month's SAS..
2. Cash transactions may have been requested in the wrong year in G5, or a drawdown request or refund of cash could have included multiple years' funds in a single transaction. If this has occurred, funds must be allocated to the correct year(s) in the G5 system.
3. Funds sent in as a refund of cash that should have been a payment or vice versa are another cause of cash discrepancies. Remember, a school may make a downward adjustment to an actual disbursement and complete a refund of cash within 120 days of the disbursement date, or any time to meet statutory requirements. We recommend schools complete Refunds of Cash electronically through the G5 system to ensure accuracy and avoid delays in returning funds.
4. Funds recycled for disbursement in a different year can also cause a discrepancy. Funds may have been received and disbursed to a borrower in one award year, but then a refund is made. In certain cases, these funds may be used for another eligible borrower in the same award year. However, if the funds are used, or "recycled," for a borrower in a different award year, this will cause a discrepancy in an Ending Cash Balance with both the original and the new award year. Remember, Direct Loan funds are year-specific, and must be disbursed in the year for which the original funds were requested.

Research Tools for Cash Discrepancies

SAS Cash Detail: This report will allow you to print and review cash detail transactions reflected on the COD system for comparison to school records.

Cash Detail Comparison Program and Report: Use this program to perform a comparison of SAS Cash Detail to your internal records. You may use the DL Tools Cash Detail Compare or your own comparison method. Remember that you do not have to be using EDEXpress in order to utilize DL Tools. If you use mainframe or custom software, you may also have your own comparison capability. Check with your programmers or software vendor to see which tool works best for your school.

Cash Management Tool: This is a feature that can be found in Direct Loan Tools. The “Cash Management” tool will permit you to electronically record Cash Receipts (drawdowns) and Refunds of Cash. If you should choose to use this tool, you must enter every transaction to ensure its effectiveness.

COD Website: This ED system is useful in comparing current cash receipt and adjustment data accepted by COD against data within your school’s internal records. You can view up-to-date cash information on the Refunds of Cash and Cash Activity screens.

Business Office Cash Report: This is a report that a business office might generate as a matter of tracking cash receipts and adjustments in addition to any data that would substantiate any reasons for any cash transactions.

Bank Statements: Schools can use bank statements as a supplemental means of substantiating the Business Office Cash Report.

In the space below, list some procedures that will help you maximize the use of the resources listed above.

Cash Detail Comparison

Report Date: 5/04/2011	U.S. Department of Education	Page 1		
Report Time: 10:22:14	Direct Loan Tools - 2010-2011			
Cash Detail Comparison				
Sort By: Trans Type				
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT				

Date Range: 07/01/2010 to 04/30/2011	Match Status: All			
School Code: G09009				
Tolerance (# of days): 5				
Trans Type	Trans Date	Trans Amount	Match Status	Record Source
Receipt	03/28/2011	\$8,985	Matched	COD
Receipt	04/01/2011	\$8,985	Matched	School
Receipt	04/30/2011	\$4,089	Matched	COD
Receipt	04/28/2011	\$4,089	Matched	School
Refund	04/10/2011	\$1,000	Matched	School
Refund	04/15/2011	\$350	Matched	School
Refund	04/15/2011	\$1,000	Matched	COD
Refund	04/18/2011	\$350	Matched	COD
Refund	4/29/2011	\$725	Unmatched	School
Totals:				
Matched Records:		8		
Unmatched Records:		1		
COD Cash Detail Records:		4		
School Cash Detail Records:		5		

The above screenshot is the result of using the Direct Loan Tools comparison application to conduct a match of cash receipts and drawdowns in COD against the school's records. In this particular instance, the school has entered all of its draw downs and refunds of cash into the DL Tools software, enabling the running of this report. Remember, there is no requirement that you use DL Tools to record your receipts and refunds of cash. A comparison can also be performed by comparing bank statements to a printout of the SAS Cash Detail or comparing a business office report of cash activity to the DL SAS.

The important thing to understand is that when we compared the cash activity from COD to the school's internal records, there is a \$725 refund in the school's record that does not exist in COD.

With the discrepancy identified as a transaction not reflected in COD, the school makes the decision to review internal records to confirm the transaction occurred.

FAO Cash Report

In this instance, the school was able to confirm a refund of cash in the amount of \$725 that occurred near the end of the month of April. With the transaction occurring near month end, the school considers the possibility that the transaction may not have been processed by COD before month end. If not processed by COD before the end of the month, it would not be reflected in the SAS.

Report Date: 5/04/2011	U.S. Department of Education	Page 1
Report Time: 10:33:54	Direct Loan Tools - 2010-2011	
Cash Report - Detail		
		Sort By: Trans Type
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT		

Date Range: 07/01/2010 to 04/30/2011		
School Code: G09009		
End Date: 4/30/2011		
Trans Type	Date	Amount
Receipt	04/01/2011	\$8,985
Receipt	04/28/2011	\$4,089
Refund	04/10/2011	\$1,000
Refund	04/15/2011	\$350
Refund 04/29/2011 \$725		
Total Cash Receipt Records:		2
Total Refunds Cash Records:		3
Total Cash Receipt Amount:		\$13,074
Total Refunds of Cash Amount:		\$2,075

COD Website Review

By doing a COD website review, the school was able to confirm that the refund of cash transaction for \$725 did not occur until after the end of the preceding month. Remember, the SAS will only contain transaction data that processed in COD through the end of the reported month.

U.S. DEPARTMENT OF EDUCATION
COMMON ORIENTATION & DISBURSEMENT

FSA
FEDERAL
STUDENT AID

Personnel **Submissions** Batch Award Services User Programs

School Search Refunds of Cash Information [? HELP](#)

School Information
[School Summary](#)
[Financial Aid Contact](#)
[Eligibility](#)
[General](#)
[Options](#)
[Funding Info](#)
[Summary Financial Info](#)
[Refunds of Cash](#)
[Cash Activity](#)
[Events](#)
[Yearly Totals](#)
[Relationships](#)
[Balance Confirmation](#)

ELECTRONIC UNIVERSITY

Refunds of Cash Information

Program: Award Year:

Applied Date	Check Number	Amount Applied	Award Sequence	SF215/SF5515 Number	Comment
04/15/2011		\$1000	0909	SF215	[C]
04/18/2011		\$350	0909	SF215	[C]
05/01/2011		\$725	0909	SF215	[C]

Disbursement Detail Reconciliation

Disbursement Detail Comparison

In contrast to the bank transactions shown in the Cash Detail section of the SAS, the Loan or Disbursement Detail is meant to be compared with the individual loan records in your financial aid system. As mentioned earlier, the disbursement detail section of the SAS includes all actual disbursement and adjustment information that has been accepted by COD during the preceding month or year to date (depending upon your selected option).

Five Most Common Disbursement Discrepancies

1. Unsent or unacknowledged disbursement batches can occur when a school enters a disbursement in its system and has either not sent the disbursement to COD or has sent it but has not imported the acknowledgement back into its system.
2. If there are rejected disbursements, the school will have the disbursements in its system, but COD will not have them.
3. Disbursements or adjustments that get recorded in the business office but have not made it into the financial aid system. For example, the business office credits the student account, but the disbursement roster that they send to the financial aid office has not been posted in the financial aid system yet. So the business office has the information, but the financial aid office and COD do not. If you were to compare COD to the financial aid office system, they would match, but the school would not match internally.
4. Unbooked disbursement records due to future-dated disbursements. Schools can send in their disbursements up to seven days in advance of the actual disbursement date and COD will accept them. However, they will show up as unbooked disbursements until the actual disbursement date is reached. For example, the school can send in disbursement records for May 4th on April 29th. These records will show up on the April SAS as accepted, **unbooked** disbursement records. However, if the SAS runs on May 5th, the disbursements can show as **booked** on the school's system when it reconciles for the month of April.
5. School data loss. If a school sees a disbursement in COD that is accepted and booked that doesn't appear on its system, it is either a case of school data loss or the school may have entered the record via the COD website directly and not imported the response. In either case, the school will want to ensure the data is properly updated in their system.

The school may need to import a response or request a DL Rebuild file through the COD website. For more information on this process, refer to the COD Technical Reference or contact COD School Relations with any questions you may have.

Research Tools for Disbursement Discrepancies

SAS Disbursement Detail: A detailed report within the School Account Statement generated by COD. It contains actual disbursement and adjustment information reported by the school that has been accepted by COD.

Disbursement Detail Comparison Report: This report allows the school to compare its internal disbursement transaction records against the records reflected on the School Account Statement (SAS) generated by COD. The Department offers the DL Tools program, but many private software vendors offer their own version as well.

FAO Disbursement Report: This report is generated by the financial aid office to reflect the disbursements intended to substantiate the drawdown of funds from the G5 system.

Business Office Disbursement Report: This report is generated by the business office to reflect the disbursements substantiating the drawdown funds from G5. This report should coincide with the FAO Disbursement Report.

COD Website: This ED system is useful for researching discrepancies for individual loans or disbursements. Schools can review current disbursement and adjustment data accepted by COD and compare it against data within their internal records.

Student Account Files: These files can be used as a foundation resource to confirm or correct data within the disbursement reports or financial aid system.

Business Office Ledgers: Schools can use ledgers to identify disbursement discrepancies by analyzing credits and payments to students and comparing them to actual disbursements listed by the financial office.

In the space below, list some procedures that can be used at your school that will help maximize on the resources listed above.

Disbursement Detail Comparison

Here we have an example of the DL Tools Disbursement Detail Comparison report. Again, your school may use another program to compare your internal disbursement data to the disbursement data contained on the DL SAS. Whether you use DL Tools or another program, the results will be similar or the same. The first part of the DL Tools report displays disbursement records that matched between the SAS and the school's internal records.

Report Date: 05/04/2011	U.S. Department of Education	Page 1
Report Time: 10:27:11	Direct Loan Tools - 2010-2011	
	Disbursement Detail Comparison	
Sort By: Loan ID		
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT		

Date Range: 07/01/2010 to 04/30/2011		
School Code: G09009		End Date: 04/30/2011
Booked Status: Both Booked and Unbooked		Match Status: All
BOOKED RECORDS THAT ARE MATCHED		
Loan ID	Student's Name	Disb #/ School/COD Seq # Net Amount
BOOKED RECORDS THAT ARE MATCHED		
111223333S11G09009001	Jones, Samantha	1/1 \$647/\$647
111223333U11G09009001	Jones, Samantha	1/1 \$985/\$985
444556666P11G09009001	Bradshaw, Mister	1/1 \$3,657/\$3,657
444556666S11G09009001	Bradshaw, Carrie	1/1 \$432/\$432

Disbursement Detail Comparison

The second part of the report displays booked records on either system that are not present in the other system.

Disbursement sequence numbers 66 to 90 are reserved for disbursement records that are created on the COD website, as opposed to created in the school's internal system. This explains the \$1,250 disbursement adjustment found in COD, but not in the financial aid system. The school made the adjustment though COD online, but did not update their financial aid system records.

Report Date: 05/04/2011	U.S. Department of Education	Page 2
Report Time: 10:27:11	Direct Loan Tools - 2010-2011	
	Disbursement Detail Comparison	
Sort By: Loan ID		
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT		

Date Range: 07/01/2010 to 04/30/2011		
School Code: G09009		End Date: 04/30/2011
Booked Status: Both Booked and Unbooked		Match Status: All
BOOKED RECORDS THAT ARE UNMATCHED		
Loan ID	Student's Name	
School Disb# Seq#	Date Type	Gross Fee Rebate Net Net Adj
COD Disb# Seq#	Date Type	Gross Fee Rebate Net Net Adj
444556666P11G09009001 Bradshaw, Mister		
NO MATCHING SCHOOL DISBURSEMENT		
1 66	03/25/2011 A	\$2,725 \$109 \$41 \$2,675 -\$1,000
444556666P11G09009001 Bradshaw, Mister		
NO MATCHING SCHOOL DISBURSEMENT		
1 67	03/25/2011 A	\$2,468 \$98 \$37 \$2,407 -\$250

Disbursement Detail Comparison

The third part of the Disbursement Detail Comparison report, which displays un-booked records that match between the SAS and the school's system.

The only time you will see data on this section of the report is when you have reported future-dated disbursements that cross into the next SAS period. In this case, we're showing \$3,264 in matched unbooked disbursements.

Report Date: 05/04/2011	U.S. Department of Education	Page 3
Report Time: 10:27:11	Direct Loan Tools - 2010-2011	
	Disbursement Detail Comparison	
		Sort By: Loan ID
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT		

Date Range: 07/01/2010 to 04/30/2011		
School Code: G09009		End Date: 04/30/2011
Booked Status: Both Booked and Unbooked		Match Status: All
UNBOOKED RECORDS THAT ARE MATCHED		
Loan ID	Student's Name	Disb #/ School/COD Seq # Net Amount
222334444S11G09009001	York, Charlotte	1/1 \$345/\$345
222334444U11G09009001	York, Charlotte	1/1 \$1,287/\$1,287
333445555U11G09009001	Hobbs, Miranda	1/1 \$1,632/\$1,632

Disbursement Detail Comparison

The fourth part of the Disbursement Detail Comparison report displays school records not present on the SAS or mismatched SAS un-booked records.

In this example, Jesse James' disbursement record is present in the school's system, but it is missing from COD. Now that we have identified the record containing the discrepancy, further research is required to determine the reason so a solution can be administered.

Report Date: 05/04/2011	U.S. Department of Education	Page 4
Report Time: 10:27:11	Direct Loan Tools - 2010-2011	
	Disbursement Detail Comparison	
		Sort By: Loan ID
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT		

Date Range: 07/01/2010 to 04/30/2011		
School Code: G09009		End Date: 04/30/2011
Booked Status: Both Booked and Unbooked		Match Status: All
SCHOOL RECORDS THAT ARE NOT ON SAS OR MISMATCHED SAS UNBOOKED RECORDS		
Loan ID	Student's Name	
School Disb# Seq# Date Type Gross Fee Rebate Net Net Adj COD Disb# Seq# Date Type Gross Fee Rebate Net Net Adj		
111234567S11G09009001	James, Jesse L	
1 1 04/29/2011 D \$875 \$26 \$13 \$862 \$0		
NO MATCHING COD DISBURSEMENT		
TOTAL BOOKED RECORDS THAT ARE MATCHED:		4
TOTAL BOOKED RECORDS THAT ARE UNMATCHED:		2
TOTAL UNBOOKED RECORDS THAT ARE MATCHED (MPN MISSING):		3
TOTAL SCHOOL RECORDS THAT ARE NOT ON SAS OR MISMATCHED SAS UNBOOKED RECORDS:		1
TOTAL DISBURSEMENTS:		10

School Disbursement Report

The Actual Disbursement List report, available in EDEXpress, gives additional disbursement record information for those records identified in the Disbursement Detail Comparison report as having reconciliation issues.

In the case of Jesse James' disbursement

Report Date: 05/04/2011		U.S. Department of Education		Page 1	
Report Time: 13:36:37		Direct Loan Tools - 2010-2011			
Actual Disbursements List (ALL RECORDS) Sort: SSN					
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT					

Student's Name	Current SSN				
PLUS Borrower's Name					
Loan ID					
Disbursement Document ID	Disb#/Type	Disb Date	Amount Gross Fee/Rebate Net/Net Adj	Disb Status	Booked Status
<hr/>					
JAMES, JESSE	111-23-4567				
<hr/>					
111234567811G09009001					
2011-04-08T12:14:34.3811111111	1 D	04/29/2011	\$ 875	B	Unbooked
			\$ 26/\$12		
			\$ 862		
	1 Q	04/29/2011	\$ 0	R	
			\$ 0/\$0		
			\$ 0		
Net Disbursement Total for Loan:			\$ 862		
Net Disbursement Total for Student:			\$ 862		

records, we see that James' first disbursement record is in a B, or Batched, status, meaning that the record is either 1) still in the school's database or 2) has been sent to COD but the acknowledgement has not been imported to update the status. Notice how the second record for James, the adjustment transaction, has rejected because the first record has not yet been accepted by COD (on this report, the adjustment transaction is represented by a "Q").

School Disbursement Report

The remaining portion of the School Disbursement Report shown here, displays the details of three future-dated disbursements. Recall that these three disbursements showed as unbooked on the Disbursement Detail Comparison report because the school sent the actual disbursement records to COD prior to reaching the actual disbursement date of May 2, 2011.

COD will accept these records up to seven days before the actual disbursement date, meaning the disbursements can show as accepted disbursement records on the April SAS, but they cannot BOOK until May 2, 2011, which will be included on the May SAS.

Report Date: 05/04/2011		U.S. Department of Education		Page 1	
Report Time: 13:36:37		Direct Loan Tools - 2010-2011			
Actual Disbursements List (ALL RECORDS) Sort: SSN					
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT *****					
Student's Name	Current SSN				
PLUS Borrower's Name					
Loan ID		Amount	Disb	Booked	
Disbursement Document ID	Disb#/Type Disb Date	Gross Fee/Rebate Net/Net Adj	Status	Status	
<hr/>					
York, Charlotte	222-33-4444				
	222334444S11G09009001				
	2010-03-24T12:54:08.1311111111 1 D	\$ 350	A	Unbooked	
	05/02/2010	\$ 10/\$5			
		\$ 345			
	Net Disbursement Total for Loan:	\$ 345			
	222334444U11G09009001				
	2010-03-24T12:54:08.1311111111 1 D	\$ 1,306	A	Unbooked	
	05/02/2010	\$ 39/\$20			
		\$ 1,287			
	Net Disbursement Total for Loan:	\$ 1,287			
	Net Disbursement Total for Student:	\$ 1,632			

\$1632 Future Dated Disbursements

Report Date: 05/04/2011		U.S. Department of Education		Page 2	
Report Time: 13:36:37		Direct Loan Tools - 2010-2011			
Actual Disbursements List (ALL RECORDS) Sort: SSN					
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT *****					
Student's Name	Current SSN				
PLUS Borrower's Name					
Loan ID		Amount	Disb	Booked	
Disbursement Document ID	Disb#/Type Disb Date	Gross Fee/Rebate Net/Net Adj	Status	Status	
<hr/>					
Hobbs, Miranda	333-44-555				
	333445555U11G09009001				
	2011-04-26T12:56:16.1511111111 1 D	\$ 1,656	A	Unbooked	
	05/02/2011	\$ 49/\$25			
		\$ 1,632			
	Net Disbursement Total for Loan:	\$ 1,632			
	Net Disbursement Total for Student:	\$ 1,632			
Bradshaw, Carrie	444-55-6666				
Bradshaw, Mister					
	444556666P11G09009001				
	2011-03-24T12:57:45.1111111111 1 D	\$ 3,750	A	Booked	
	03/25/2011	\$ 150/\$57			
		\$ 3,657			
	Net Disbursement Total for Loan:	\$ 3,657			
	444556666S11G09009001				
	2011-03-24T12:57:45.1111111111 1 D	\$ 438	A	Booked	
	03/25/2011	\$ 13/\$7			
		\$ 432			
	Net Disbursement Total for Loan:	\$ 432			
	Net Disbursement Total for Student:	\$ 4,089			

+\$1632

\$3264

School System and COD SAS Comparison

School Finaid System to COD School Account Statement Reconciliation Report
As of Date: 4/30/2011

YTD For Month Ending: 4/30/2011

	School's Finaid System:	COD School Acct. Statement (SAS)	Difference
Beginning Balance	\$0	\$0	\$0
Cash Receipts	\$13,074	\$13,074	\$0
Refunds of Cash	(\$2,075)	(\$1,350)	(\$725)
Net Drawdowns/ Payments	\$10,999	\$11,724	(\$725)
Booked Disbursements	\$5,721	\$5,721	\$0
Booked Adjustments	\$0	(\$1,250)	\$1,250
Total Net Booked Disbs	\$5,721	\$4,471	\$1,250
Ending Cash Balance	\$5,278	\$7,253	(\$1,975)
<hr/>			
Unbooked Disbursements	\$4,126	\$3,264	\$862
Unbooked Adjustments	\$0	\$0	\$0
Total Net Unbooked Disbs	\$4,126	\$3,264	\$862
<hr/>			
Cash>Net Accepted and Posted Disbs	\$1,152	\$3,989	(\$2,837)

Exercise # 3

⇒ Now that we have walked through the cash and disbursement discrepancies, in your own words, explain the reasons for the differences in each section below.

Refunds of Cash:

Booked Adjustments:

Unbooked Disbursements:

School System and COD SAS Comparison

School Finaid System to COD School Account Statement Reconciliation Report
As of Date: 4/30/2011

YTD For Month Ending: 4/30/2011

	School's Finaid System:	COD School Acct. Statement (SAS)	Difference
Beginning Balance	\$0	\$0	\$0
Cash Receipts	\$13,074	\$13,074	\$0
Refunds of Cash	(\$2,075)	(\$1,350)	(\$725)
Net Drawdowns/ Payments	\$10,999	\$11,724	(\$725)
Booked Disbursements	\$5,721	\$5,721	\$0
Booked Adjustments	\$0	(\$1,250)	\$1,250
Total Net Booked Disbs	\$5,721	\$4,471	\$1,250
Ending Cash Balance	\$5,278	\$7,253	(\$1,975)
<hr/>			
Unbooked Disbursements	\$4,126	\$3,264	\$862
Unbooked Adjustments	\$0	\$0	\$0
Total Net Unbooked Disbs	\$4,126	\$3,264	\$862
<hr/>			
Cash>Net Accepted and Posted Disbs	\$1,152	\$3,989	(\$2,837)

SAS ECB \$7253
-\$725 RF Timing Diff
-\$3264 Future Dated Disbursement
-\$862 Send/Book Disb
\$2402
What is the cause of remaining balance?

Going back to our comparison of summaries between the school's financial aid system and the SAS generated by COD, we have been able to identify \$4,851 of the \$7,253 Ending Cash Balance. The process of reconciling the school's system with the Department's system is called External Reconciliation. With the External Reconciliation complete, we have been able to account for the discrepancies between the school's financial aid system and COD, but there is still a remaining balance of \$2,402 that has not been accounted for. With both systems matching, it appears that our business office has requested more funds than what can be substantiated in disbursements the financial aid office has reported to COD.

The reason for the remaining discrepancy is that our school has not yet conducted an Internal Reconciliation. An Internal Reconciliation is conducted by doing a comparison of internal records between the Financial Aid Office and the Business Office.

Internal Reconciliation

Performing an Internal Reconciliation

Many schools have found that the comparison of internal records between the Financial Aid Office and the Business Office is the best first step of the reconciliation process. For instance, a school could begin the internal reconciliation process by comparing a monthly Disbursement Roster maintained by the Financial Aid Office against a monthly Cash Detail report, reflecting funds drawn down for the month, which is maintained by the business office. Schools using more than one record source (Business Office Ledgers/Accounts vs. Financial Aid Office records) for disbursement data should be careful to make sure that all of their records match.

Schools should develop procedures and assign someone to carry out the tasks to ensure accurate communication between both offices. Your procedure should include someone who can compare internal student accounts and Business Office records with Financial Aid Office records to resolve any discrepancies.

⇒ ***What procedures can you put in place to ensure all Direct Loan cash receipts and adjustments are substantiated by actual disbursements and adjustments being made to COD?***

⇒ ***Who will you assign to carry out an internal reconciliation between the Financial Aid Office and the Business Office?***

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

Continuing our case scenario, we begin our internal reconciliation process by asking the Business Office to provide documentation that substantiates the amount of funds requested through G5. Your office receives a copy of the above Business Office Report.

Notice how the Net Cash is equal to the total Net Disbursements in this case. According to the internal records within the Business Office, the amount of cash received is substantiated by what they believe has been or should have been disbursed. Therefore, the DL Cash at School (Ending Cash Balance) is reflecting a zero balance.

Business Office and Financial Aid Office Summary Comparison

BOOKED & UNBOOKED	SCHOOL'S BUSINESS OFFICE:	SCHOOL'S FINAID SYSTEM:	DIFFERENCE:
Beginning Balance	\$0	\$0	\$0
Cash Receipts	\$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)

By taking our data from the Business Office Report and creating a spreadsheet to compare the data reflected in our school's financial aid mainframe system, we can compare and determine where we might find the discrepancies between the two. In this case, we can see the difference of \$2,402 between what each office is showing for disbursements.

Business Office Disbursement Report

Now that you've found that there is a difference of \$2,402 in what the Business Office is showing disbursed and what the financial aid system is showing, you're next step would be to ask the Business Office to provide records showing the \$10,999 in disbursements / adjustments.

In this case, the Business Office provides their own disbursement detail report.

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	

Business Office and Financial Aid Office Disbursement Comparison

**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
444556666P11G09009001	DB	PLUS Loan Disb	1	3/23/2011	\$3,657.00	\$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	\$432.00
111223333S11G09009001	DB	Stafford Sub Disb	1	3/25/2011	\$647.00	\$647.00
111223333U11G09009001	DB	Stafford Unsub Disb	1	3/25/2011	\$985.00	\$985.00
111234567S11G09009001	DB	Stafford Sub Disb	1	4/28/2011	\$862.00	\$862.00
222334444S11G09009001	DB	Stafford Sub Disb	1	5/2/2011	\$345.00	\$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	\$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	\$1,632.00
333445555U11G09009001	DB	Stafford Unsub Disb	2	5/2/2011	\$770.00	

In this spreadsheet concept, we were able to do a comparison between what students received disbursements according to the Business Office and the Financial Aid System.

Exercise #4

⇒ Can you find the \$2,402 discrepancy between the two?

⇒ List the disbursement amounts that are missing in the financial aid system below (disregard the refund amounts since we determined the reason for this discrepancy during the external reconciliation – see page 33).

Total: _____

Explaining Your Reasons Why

School Finaid System to COD School Account Statement Reconciliation Report
As of Date: 4/30/2011

YTD For Month Ending: 4/30/2011

	School's Finaid System:	COD School Acct. Statement (SAS)	Difference
Beginning Balance	\$0	\$0	\$0
Cash Receipts	\$13,074	\$13,074	\$0
Refunds of Cash	(\$2,075)	(\$1,350)	(\$725)
Net Drawdowns/ Payments	\$10,999	\$11,724	(\$725)
Booked Disbursements	\$5,721	\$5,721	\$0
Booked Adjustments	\$0	(\$1,250)	\$1,250
Total Net Booked Disbs	\$5,721	\$4,471	\$1,250
Ending Cash Balance	\$5,278	\$7,253	(\$1,975)
<hr/>			
Unbooked Disbursements	\$4,126	\$3,264	\$862
Unbooked Adjustments	\$0	\$0	\$0
Total Net Unbooked Disbs	\$4,126	\$3,264	\$862
<hr/>			
Cash>Net Accepted and Posted Disbs	\$1,152	\$3,989	(\$2,837)

ECB \$7253 =
 -\$725 RF Timing Diff
 -\$862 Send/Book Disb
 -\$3264 Future Dated Disbursement
 -\$2402 Disb not in DL System and not at COD

Now that we have completed the internal reconciliation in addition to the external reconciliation performed earlier, you should be able to identify all of the discrepancies that make up the Ending Cash Balance of \$7,253. This leads us to our next step in reconciliation process, which is to document reasons for the Ending Cash Balance.

Documentation

Documentation

As part of a school's monthly reconciliation process, the school must document any discrepancies identified and how those discrepancies were resolved, as well as any reasons for their Ending Cash Balance. The school should also maintain documentation of their reconciliation processes and procedures. While these types of documentation are not reported to FSA, schools may receive a request for monthly reconciliation documentation during an annual compliance or financial audit.

The format (spreadsheets, reports, etc.) a school uses to document monthly reconciliation is at their own discretion.

Examples of Documentation used for our case scenario

Reasons for Ending Cash Balance of \$7,253

- \$725 Refund of Cash Timing Issue
- \$862 Disbursement not sent to COD
- \$3,264 Future Dated Disbursements
- \$2,402 in Disbursements entered in the Business Office, but not in the Financial Aid Office or sent to COD

Reasons for Unbooked Disbursements

- \$3,264 in Future Dated Disbursements on both systems
- \$862 Disbursements not sent to COD

For an example of the spreadsheet concept used by the school for documentation in this case scenario see Appendix B.

Action Item List

Monthly Reconciliation Action Items			
Month Ending: <u>4/30/2011</u>		Program Year: <u>2010-2011</u>	
No	Action Item	Date Due	Date Completed
1.	Track RF timing difference for \$725 deposited 5/1/2011, for May SAS Recon.	6/05/2011	
2.	Record (\$1250) Adjustments on EDEExpress for Bradshaw PLUS Loan	5/06/2011	
3.	Send \$862 Disbs for Jesse James to COD. Ensure disbursements are accepted and loan is booked	5/06/2011	
4.	Ensure \$3264 booked on COD to account for unbooked loans.	5/11/2011	
5.	Post 5/2/2011 Disbursements totaling \$2402 in EDEExpress. Batch and Send to COD	5/11/2011	

In the example above, we've provided you an example of an Action Item List that, if followed, will resolve the school's Ending Cash Balance of \$7,253.

Many schools find it helpful to follow up with an *action item list* upon completion of documenting their reasons for an ending cash balance. An *action item list* will usually consist of a list of reasons for the ending cash balance, a solution to resolve the discrepancy, an anticipated date of resolution, and an actual date of resolution.

COD Resource

COD Customer Service: 1-800-848-0978

COD Website: <https://cod.ed.gov>

Appendices

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Appendix A

Exercise Answer Key

Exercise #1:

- 1. The sum of \$4,471 reflects disbursement activity for the entire award year since this is a Year-To-Date Cash Summary.**
- 2. The Ending Cash Balance is \$7,253**
- 3. When Unbooked Disbursements are shown in the Cash Summary, it is because they are future dated and the disbursement date has not yet occurred. See page 3 of your Guide.**

Exercise #2:

Using the Spreadsheet Concept found on Page 21, the are discrepancies in the following categories:

Refunds of Cash	\$725
Booked Adjustments	\$1250
Unbooked Disbursements	\$862

Exercise #3:

Refunds of Cash: The school sent a Refund of Cash on 4/29/11 for \$725 to COD. It was processed on COD on 5/1/11 which is why it did not reflect in the April SAS.

Exercise Answer Key

Exercise #3 Continued:

Booked Adjustments: An adjustment was made through COD Online, but a response was not sent to the school's financial aid system or a manual adjustment was not made on the school's financial aid system.

Unbooked Disbursements: \$862 in Unbooked disbursements are showing in the school financial aid system, but it was never transmitted to COD through EDConnect.

Exercise #4:

Disbursement Amounts Not Reflected in FAO

5/2/2011 \$ 345

5/2/2011 \$1,287

5/2/2011 \$ 770

Total: **\$2,402**

Appendix B

School Finaid System to COD School Account Statement Reconciliation Report
As of Date: 4/30/2011

YTD For Month Ending: 4/30/2011

	School's Finaid System:	COD School Acct. Statement (SAS)	Difference	Explain Differences &/OR Reasons for ECB
Beginning Balance	\$0	\$0	\$0	
Cash Receipts	\$13,074	\$13,074	\$0	
Refunds of Cash	(\$2,075)	(\$1,350)	(\$725)	Entered Refund of Cash on 4/29/11 for \$725 on 63. Process on COD 3/1/11
Net Drawdowns/ Payments	\$10,999	\$11,724	(\$725)	
Booked Disbursements	\$5,721	\$5,721	\$0	
Booked Adjustments	\$0	(\$1,250)	\$1,250	(\$1250) in adjustments done via COD web, not entered in school database.
Total Net Booked Disbs	\$5,721	\$4,471	\$1,250	
Ending Cash Balance	\$5,278	\$7,253	(\$1,975)	Differences in ECB explained by issues listed above. SAS ECB due to \$725 RF timing issue, 1 disb of \$862 not sent to COD, disbs needing to book, on COD for \$3264, and \$2402 in disbs dtd 3/2/11 credited in BusOfc but not entered in EDExpress or sent to COD
				Explain Differences &/OR Reasons for Unbooked
Unbooked Disbursements	\$4,126	\$3,264	\$862	Need send \$862 Disb for Jesse James' Sub to COD
Unbooked Adjustments	\$0	\$0	\$0	
Total Net Unbooked Disbs	\$4,126	\$3,264	\$862	Difference in Unbooked explained by issue listed above. \$3264 Future Dated Unbooked.
				Explain Differences &/OR Reasons for Cash> NAFD
Cash>Net Accepted and Posted Disbs	\$1,152	\$3,989	(\$2,837)	Difference in Cash>NAFD explained by issues listed above: (\$1975)-\$862=(\$2837) SAS Cash>NAFD explained by issues listed above (\$725+\$862+\$2402=\$3989).

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Appendix C

COD Options

What you will receive if you choose the following options:

A) Options Selected:

- Report Format – Fixed Length
- Include Names of Borrowers – No
- Report Activity Type – Both
- Summary by Loan Type – No
- Disbursement Detail – Monthly Yes, YTD No
- Loan Level – YTD Yes

Files Received in Fixed Length Format:

- File 1 includes: Monthly and YTD Cash Summary, No Disbursement Summary by Loan Type, Monthly Cash Detail, Monthly Disbursement Detail, without borrower names. Message Class: DSDF##OP
- File 2 includes: Monthly and YTD Cash Summary, No Disbursement Summary by Loan Type, YTD Cash Detail, YTD Loan Detail, without borrower names. Message Class: DSLF##OP

B) Options Selected:

- Report Format – Comma-Delimited with Headers
- Include Names of Borrowers – Yes
- Report Activity Type – Both
- Summary by Loan Type – Yes
- Disbursement Detail – Monthly Yes, YTD Yes
- Loan Level – YTD Yes

Continuing with B) Options:

Files Received in Comma-Delimited with Headers Format:

File 1 includes: Monthly and YTD Cash Summary, Monthly and YTD Disbursement Summary by Loan Type, Monthly Cash Detail, Monthly Disbursement Detail, with borrower names. Message Class: DSDD##OP

File 2 includes: Monthly and YTD Cash Summary, Monthly and YTD Disbursement Summary by Loan Type, YTD Cash Detail, YTD Disbursement Detail, with borrower names. Message Class: DSDD## OP

File 3 includes: Monthly and YTD Cash Summary, Monthly and YTD Disbursement Summary by Loan Type, YTD Cash Detail, YTD Loan Detail (**with** borrower names). Message Class: DSLD##OP

Note: Since the school requested both Monthly and YTD Disbursement Detail, the COD system will generate two files with the same message class (DSDD##OP), in addition to one YTD Loan Level detail file (DSL D##OP). This can make it difficult for the school to determine which file to import and use for their reconciliation process. We recommend that schools choose only the SAS Options for the files they need to complete their required reconciliation, to avoid any confusion. In most cases, schools should only need to receive one SAS file with the necessary content options to meet their needs.

C) Options Selected (**USE THIS OPTION IF YOU WISH TO USE DL TOOLS SOFTWARE TO COMPARE THE SAS TO SCHOOL RECORDS**):

Report Format – Fixed Length

Include Names of Borrowers – No

Report Activity Type – Year-to-Date

Summary by Loan Type – Yes or No

Disbursement Detail – YTD Yes **OR**

Loan Level – YTD Yes (Disbursement level-detail will give you the most complete comparison, AND you can choose to compare at the loan level. Do not select Yes to both Disbursement and Loan Detail unless you wish to receive two separate reports).

Files Received in Fixed Length Format:

File includes: Monthly and YTD Cash Summary, either

No Disbursement Summary by Loan Type OR Monthly and YTD

Disbursement Summary by Loan Type, YTD Cash Detail, YTD

Disbursement (DSDF##OP) OR YTD Loan Detail (DSL F##OP), without borrower names.

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