

Tony:

This is the Direct Loans Funding and Cash Management Session. I'm **Tony Lang**, Director of Internal Controls Branch in Federal Student Aid. We're basically in charge of the funding. My colleague and co-presenter is **Brian Coleman**. He's the Team Lead for the G5 Help Desk Hotline. If you have any questions during this session, please go ahead and ask them. We find it better that it works with these training – these training sessions are interactive, so we will take questions as we go along. If we're getting too many, and they're slowing down the session, then we'll ask you to hold them 'til the end. But for now, please ask questions as we go along.

So I'll start by asking you a few questions. How many of you are brand new to direct loans? Oh, that's almost everybody. Great! How many of you are Financial Aid Administrators? Okay. How many Business Officers do we have with us today? Great! How many of you – of the Financial Aid Administrators have G5 read access? Okay. Lastly, do we have any foreign schools here today? I don't see any. Okay – thank you.

Our session is divided into three parts. I'll discuss the direct loan funding and the common origination and disbursement, COD, system. Then I'll touch on a few important points in cash management and also discuss a few miscellaneous funding items that have come up lately. Then Brian will give an update about G5, our payment system. He'll give you a fairly comprehensive walkthrough of the G5 web screens, and we'll touch on the highlights of what is in each screen so that you don't need to squint to try to see the details.

How do schools get their money? The term “money” is loosely defined. We mean “the authority to use cash.” For new users, don't be intimidated. It's not that complicated, and it's not that hard. These systems are designed to get you the funds when you need them; 99 percent of the new schools have originated their direct loans and this session discusses the funding piece, which is your disbursement records, what happens when the funding level gets created and how you get the cash in G5.

I start with an iron triangle. It's a concept from Public Administration, and our Deputy Secretary, Tony Miller, discussed one yesterday at the general session. His was dealing with the quality, access and cost. With us, we have two iron triangles. This one is internal to the Department of Education. You have budget service, where we get the funding from Congress when an appropriation is passed. And then the apportionment is signed, and

they allot funds to us, where funding is posted into G5, and schools send in records to COD and draw down from G5.

And it's an iron triangle in that it's almost made out of iron. It's unyielding. It's unbending. All points of those triangles must be reconciled to each other, and there's reports that have to go back and forth between each other where that they are reconciled. And at the school you also have an iron triangle with the department and with the department that we're referring to COD and to G5. The Finance Rate Administrator submits the data to COD. The Business Office draws down and submits data to G5.

And again, it is an iron triangle. It must be reconciled between all those points, and we tell schools that if you're not reconciled, as far as we're concerned, you are living in sin. So –

[Laughter]

Tony:

There are some other reconciliation sessions here, and I see that they received a lot of participation. We highly recommend that you attend them. With the funding lifecycle for direct loans, it's a year-long process. We start with an initial authorization in the spring, and then as – after you've received the initial authorization, you start sending in your disbursement records and MP – the master promissory notes and your loan processing begins. You draw down through G5, and then you do your monthly reconciliation of your cash and with COD using a variety of tools, primarily the School Account Statement; the SAS for short.

And then we have an end-of-year reconciliation and closeout. The end of the school year ends on September 30th, and then closeout is basically nine months later on July 31st. And an example of a funding lifecycle using the 2010-2011 award year, we have the initial authorization that was created in the February-March timeframe. You do your daily processing of submitting your disbursement records and master promissory notes. You do your monthly reconciliation, and then for the '10-'11 year, which is the current year, you do your closeout on July 31st of 2012, and then the system basically does a reduction, and it's typically to the **GAPS** net drawdown level.

And my screen decided to freeze. Okay, it's unfrozen.

With the initial authorization, we create that in early spring after we bring up the latest release in COD. For the 2011-'12 award year, that initial authorization will be created after the weekend of February 18th. That's when we have our next release. So after

February 18th you will receive your initial authorization for the 2011-'12 award year. And we're basing that initial authorization on 60 to 65 percent of the amount of the disbursement records on file from the previous year. And a tip there is if you wanna get a high initial authorization make sure you send in as many disbursement records that you can by that February 18th weekend.

And then we will adjust your awards midyear. We're getting ready to do one right now – before we left Washington, we sent a file to our contractor, and we're going to increase your funding, basically doubling the amount of the net accepted and posted disbursement records that are on file. That's going to be doubled, and you should see that next week, so be prepared for that. I have a question? Yes?

[Audience question; inaudible]

Tony:

Her question was if you have a servicer, how would you do that? And by "that," that's submitting the disbursement records. What they should do is send in as whatever they legitimately can that have a payment period that's within seven days. It's like, don't wait. Some schools are using some additional funding to cover direct loans, but it's basically trying to send in the records when they're ready to be sent out so that you have as many – don't wait 'til the last minute to send any in. And your third party servicer should be doing that for you.

Okay. With your daily processing, the schools draw down cash via the G5 website, and Brian will talk about those screens and show those to you. And you submit your master promissory notes and actual disbursement records to COD to substantiate your cash that you have received. The COD system sends the CFL increases to G5 so schools can continue to draw down funds as needed. I threw in this slide just to show you that after you receive your initial authorization – say you receive \$1 million, and you've sent in disbursement records that equal \$1 million, then basically your funding is records first until we give you a mass funding increase. And we're still debating when and where and if to do this.

But if you have \$1 million in CFL, that's the amount you can draw down in G5. And to bump up that authorization you would send in disbursement records that automatically increase your funding level, and then that's the amount you would draw down. We have a daily turn around in our daily production of basically 24 hours. We're proud of that, and I think justifiably so. And the tip here is to take away – if you want funding in G5 the same day, make sure

you send in your disbursement records before 10:00 a.m. Easter Time because we have a process in COD called a “pull and apply.”

We pull and apply data from the Internet, that’s your disbursement and origination records, at 10:00 a.m. and 10:00 p.m. If you send in data by 10:00 a.m., it will get to G5 by 12:00 p.m., and then when you do your draw down it goes through either the ACH system or the FedWire system – whatever your school was set up as – that same day. Then if you miss the 10:00 a.m. pull-and-apply it will be picked up by the 10:00 p.m. pull-and-apply. And it’s the same thing – the data is sent to G5 around 8:00 a.m., and it’s ready for draw down a few hours after that.

With the disbursement record timing, funding, as I said, is based on the actual disbursements. We have a seven-day rule. When you submit your records seven days in advance of the disbursement date, that triggers an increase in funding. So getting back to the question that was asked over there, in order for the initial authorization, any data that you have in February – try to send that in before – and if it’s – disbursement data is within seven days, be sure to send that in before February 18th.

There’s no foreign schools here in this audience I don’t think, but I do wanna touch on that briefly. This was a big expansion in the direct loan program. We have 400 foreign schools. When I first started with the department coming from Maryland I thought it was exotic to talk with someone from Florida or Texas or California or New York. Now we’re talking with schools from Poland, Australia, France. So it’s the Disney theme of “It’s a Small World After All.”

But we’ve had to do a lot of work with these schools. Their banking systems are a little bit different than we have in the domestic world, but they require a GAPS account and also – and they don’t get an initial authorization. They have records-first processing. Nor do they receive an initial authorization. This screen shows you the five COD-initiated activities that were – whereby you receive some data. With the initial authorization, which we do in the February-March timeframe, that initial authorization appears on the COD funding information screen.

There’s an **iFAB** announcement, and then you see that funding level posted in G5, and that’s a mass global job for all schools. Then we give you daily funding adjustments when you submit your disbursement records. There again, your COD funding information screen is updated, and that data is posed in G5. Then with closeout, which happens after the end of the award year in

July – on July 31st the year after the award year ends, we run a reduction. It's generally to the GAPS net draw down amount, and you see that posted on the COD funding information screen.

There's an iFAB announcement saying we're doing this job, and you'll see the amount posted on G5. Those first three rows there are – basically summarize the activity that COD sends to you for the yearly processing. Then throughout the year, there's the unsubstantiated cash emails that come out to you. It's a warning, and this is where you draw down funds in G5, and you're supposed to submit disbursement records within 30 days of doing that draw down. If you don't, our customer service area will call you and send you emails saying you're basically out of compliance.

So those are the phone calls – the emails you don't want to receive. But we do them for good internal controls purposes. Then your reconciliation report – the School Account Summary – which is basically a student summary of your year-to-date disbursements – we send that out to you monthly on your – via the SAIG, and there's several message classes there that you should be familiar with. Now, this is something that's important dates about the G5 shutdown. And we sent – I know G5 sent to all 10,000 of its grantees and we sent messages out to the colleges that we were going to shut down December 10th – for ten days from December 10th to the 20th because they're doing another – a major G5 release, something that they only do ever decade or so.

But we just found out on Thanksgiving they're not satisfied with the testing; they wanna bring up a system that's working as efficiently and effectively as possible. So this is being delayed. You've received this information. It says December 10th through the 20th here. Ignore that. The shutdown is not going to occur during this time period, which was actually very advantageous because based on our records it looks like this is a slow time for schools.

And then there was talk of moving this to January and February; we said, "No, that is peak processing." Everybody's saying no. So write down the dates March 4th through March 14th is probably going to be the shutdown. That's what we're recommending, which is after your peak. There's no good time to do this, but we have to do it, so it's March 4th through March 14th, 2011 will be a ten-day shutdown, and there will be some official notification coming out from the department shortly.

Now I wanna talk on – discuss a few points of cash management. The drivers of cash management, and there's some other

discussions of cash management in more detail in sessions 8 and 16. But you basically have a fiduciary responsibility, and the drivers of that fiduciary responsibility are that you are to hold the funds in trust for your students, you safeguard FSA funds, you ensure that the FSA funds are used only for the purposes intended, and you act on the students' behalf, and you refund any FSA funds that cannot be used as intended.

That's the fiduciary responsibility and the purposes behind the cash management requirements, and then these are your three-day cash management requirements. The first one is your 30-day reporting requirement where you're required to report a change in a student's information within 30 days of finding out about that change, and you're supposed to send in a disbursement record within 30 days of drawing down cash. With the three-day cash rule, that's basically referring to your immediate need. You should only draw down cash that you're going to disburse to a student within three days of that draw down.

And that's – you can hold onto it for three business days. It's not calendar days; it's business days. You should not be holding onto that past the close of business the third day after the draw down, and that being said there is a tolerance, and the tolerance is you can exceed that three-day excess cash rule if it's more – if it's less than 1.5 percent of your total draw downs for the prior year or 3 percent of the draw downs during your peak processing. So that gives you a little bit of a cushion, and you can hold onto that for seven days. You can exceed the three days, but no longer than seven days.

And I got some questions about that. I think the next time I do a presentation, I will put an example in there what the 1.5 percent is and the 3 percent. But just make a note that those are – that is what your tolerance is. Yes?

[Audience question; inaudible]

Tony: Business days – it is three business days, not calendar days. That excludes weekends and holidays. So if you drew down money only Wednesday the 24th, the day before Thanksgiving, you've got Friday, Monday and Tuesday. Yes?

[Audience question; inaudible]

Tony: I'll repeat the percentages again. The excess cash tolerance is 1.5 percent of the total draw downs from the prior year or 3 percent of your draw downs during your peak processing. And generally, for most schools, using the semester schools – quarter schools are

different, but for a semester school, generally your peak draw down is the September-October timeframe or the January-February timeframe. And your quarter schools are a little bit different. Those are important percentages to keep in mind.

Oh, I didn't touch on the monthly reconciliation is the third piece of the cash management requirements, and we have the School Account Summary that we use as a major tool. And it's the auditors that look to see if you have reconciled on a monthly basis. So whatever you have there, make sure that it is – you have an audit trail to show what you've done on a monthly basis and that you are reconciled. And at yesterday's session, we got a few questions that folks wanted some additional tools, so we are coming up with some additional reconciliation tools for the future.

I think there's a push to create a file similar to the Pell reconciliation file to send that out to you, and certain – and schools are also asking that they get these reports more than a monthly basis, because sometimes when they get them they're eight days late for their purposes. So we're gonna try to produce the SAS more frequently and give you additional reconciliation reports based on the feedback that we're getting from the schools. Yes?

Audience: Have you thought of putting the SAS on the – on COD as opposed to SAP?

Tony: I'll take that back. We're thinking about it right now. But, yeah, I'll take that back as a comment. His question was could we put the SAS on COD? I'm not sure how that would work, but it's worth looking into. I think we've gotten that comment before, so we'll definitely take that back.

Okay, who is responsible for reconciliation? Is it the Financial Aid Administrator or the Business Office? This is a question we frequently get, and it looks – when we look around the country at best practices where schools are reconciled every month, and they have few audit findings, the answer to that question, “Who does it better?” it varies. It depends on the school. But the requirement is that you must have a Coordinating Official who handles this. The Coordinating Official ensures that you have a system for identifying and resolving the discrepancies.

Then it's – you must – a Coordinating Official, in addition to finding the discrepancies, must make sure they are resolved and corrected. So the department doesn't mandate which office should do that, but somebody has to be responsible for it. And I know it's one of the things in the Financial Aid world and the Business

Office world, there's a certain amount of friction there. It's like, "Why can't we all get along?"

And we've thought about trying to do a session that focuses on that, but we've really never been able to figure out what it is we're supposed to say. I think it goes with the territory, but just try to get along and try to stay reconciled. There's two types of reconciliation that the Coordinating Official has to be responsible for. One is the internal reconciliation. This goes back to that iron triangle. With the internal reconciliation, you're – it's a comparison of the Business Office records of funds requested, received and disbursed and then returned to the Financial Aid Office records of the funds awarded.

Then with your external reconc – there's another – this is one of the reasons we ask you to turn your electronic devices off – this thing is moving by itself, and yesterday we had an issue where there was – when somebody was pushing the clicker from next door, it would move these slides. And – but anyway, we soldier on. With your external reconciliation, we – that's basically with the department – you're comparing your reconciled internal records to ED's records of the loans originated and disbursed.

Then we have a monthly reconciliation versus closeout. With the monthly reconciliation, you're comparing your records with the departments to identify and account for any discrepancies. And you're try – an ending cash balance is allowable at zero, but it's throughout the course of an award year where that ECB, your ending cash balance, is frequently something other than zero, which is allowable and is as it should be because it's a moving target.

But once you get to closeout after the award year has ended, you should ensure that all records are processed, all increases and decreases and all cash is accounted for and reconciled, and your ECB must equal zero. For us left-brain type, that ECB equaling zero is a thing of beauty. And one tip we have for you in terms of an overall reconciliation is make sure you – in COD you fix all of your edit reject codes or the edit code rejects, I should say, because that's frequently where there's something wrong or something missing.

Now with the ECB, that definition is your total net draw downs minus the total net book disbursements equals your ending cash balance. So it's basically the data in COD equals the data in G5. We have a few tools for you: the School Account Statement, the SAS for short, some COD funding web screens, the COD reports

and the G5 web screens and reports. The first one in COD to us is the most important one – is the school funding information. That shows you your funding level.

The most important line on there for us is your current funding level – the current CFL which shows us what the total is of the amount of the disbursement records you've sent in, or if we've bumped that up – if the department has increased that authorization that's where it will be reflected. And the other screen is the cash activity information. Each column there will show you a particular day's activity of the draw downs, adjustments, refunds, returns, etcetera. This information is in COD.

It is sent from G5, where that's the official record of your draw downs, but it's sent every morning around 10:00 a.m. for posting, and it's one of the reasons we recommend that you get read access to G5. If you're doing some reconciliation in the morning, and if you sent in an activity the day before, it may not have posted yet. This information is 99 percent accurate, but sometimes there's some glitches. But it's a very useful tool.

With the School Account Statement, the SAS, that is a monthly file from the COD system. It contains school data as reflected in the COD system. There's important sections on that SAS: the cash summary, the disbursement summary by loan type, cash detail, and the loan disbursement information. And there's some hands-on sessions that walk through that in some other sessions, so make sure you become a master of that School Account Statement.

Now, this is under the miscellaneous funding information I wanna talk to you about. You probably have all received information and we as feds enjoy coming out to meet the Financial Aid Administrators and the Business Officers, but we always have to come out sort of like a sledgehammer, "Here's the latest requirement." And this is central contractor registration. You've received letters within the past year – you have to register your grantee **DUNS** number. The purpose behind this requirement, and it isn't a – it's a Treasury requirement.

They want all grantees – you think of yourselves as colleges, institutions of higher learning or whatever, but in the eyes of the federal government – in the eyes of Treasury – you are a grantee. So all grantees must register their grantee DUNS number at this GSA website. And the purpose behind this is if you're in arrears with any funding, this is where Treasury would do an offset. For right now, Title 4 programs and direct loans tell everything that you deal with as a Title 4 program from the Higher Education Act.

It's exempt because it's really funding to the students, not the schools, but that's for now.

That might change that Treasury would do an offset if there's some collection owed, but the requirement is to get all schools registered. Again, it's – the CCR is sponsored by GSA. You're required to provide your grantee DUNS number. You update your grantee DUNS number in the event it changes. And it's not a one-time-only posting of that DUNS number. You must post it every year. If you post it in December – I keep thinking today is – we're still in November. This is December already.

If you were to post in there December 1st, you have – my must post again on December 1st, 2011, and you must register your grantee DUNS number, and I keep saying grantee DUNS because there are two types of DUNS numbers. One is the payee DUNS, and one is the grantee DUNS, and this is a very common error between the COD and G5 system. For 95 percent of you, the grantee DUNS and the payee DUNS is the same. The grantee DUNS number is the number of the recipient who applied for and was awarded a grant. For you, that is that DUNS number on your post-secondary participation agreement.

Now, with the payee DUNS number, that's the number that's used to process payments. It's linked to the bank accounts. Users register with the payee DUNS when requesting access to process payments, refunds and adjustments via G5. Some of the larger schools have a different DUNS number. Like, I said, in most cases the grantee and payee DUNS numbers are the same, but they differ when a grantee selects another DUNS to manage their payments, refunds, adjustments and requests, and these are usually done at the larger state colleges where you have the comptroller where that office is drawing down and they're tracking the funds differently.

Well, that's all I wanted to discuss dealing with direct loan funding in COD and some miscellaneous items in cash management. Before Brian gives you a G5 update, are there any additional questions about anything that I've touched on so far? And if not, we'll be up here at the – we'll take questions at the end, and we'll be available at the end of the session also.

Brian:

I think I got our waters mixed up yesterday, so thank you for doing that. Thanks for moving your water.

I'm Brian Coleman. I'm the Team Lead of the G5 Hotline. I've been answering the phone on the G5 hotline for about ten years, so if anybody has ever called for help in this room, there's a good

chance that I've spoken to you. What I'm going to go over today are some of the screens in G5, some things that have changed in the last year. I'm gonna go over registration, refunds, how to do draws, etcetera. I'm sorta gonna move through this quickly. I ran out of time yesterday. But just as in Tony's section of the presentation, if anybody has any questions please ask away.

G5 is the replacement for GAPS. G5 has been brought online in phases, beginning with the payment section of the system in December of 2007. G5 Phase 3, the final phase is – was supposed to come online in December – December 20th. As Tony mentioned, that has been pushed back, so expect that to happen in March now. Most of those changes – most of the changes to G5 are on the backend. They're on ED's side for the **postal word** process, application process and – don't have anything to do with what you all do in the payments area, so the changes after the system comes back online should really be transparent for you.

So this is the G5 homepage. You have a News & Events section and a Frequently Asked Questions section. The News & Events is – it's a really important section. It doesn't really pop out at everybody, so users have a tendency to overlook what we have in News & Events. When you go to the G5 homepage, I just ask that you take a glance at that. It is not – that section isn't updated really frequently. When it is updated it's typically important information and notice that we want all users to be aware of.

But what I'm gonna go over real quick are some points in the registration process. How many schools out here right now expect to register in G5 in the coming weeks – when you leave here you're gonna go register in G5? One, two – handful – handful of folks. Okay. Everybody else is already registered, right? One guy nodded. He speaks for you all.

So the G5 registration process – when you start that out by just clicking the link on the homepage that you're a new user and you wanna register, the registration process has changed from what it was like last year. There are more steps to it now, but it's harder to screw it up, so it's really to everybody's benefit that we have it broken down this way. The initial part of registration is just your personal information – your name, contact information, email address.

You get sort of a statement that you agree to – that you understand what you're signing up for – access to a government system – you'll agree to that. And what you'll end up with is an activation email that gets sent to the email address you provided during

registration. You click the link in that email, and it will take you to an account activation page where you – again, you acknowledge you’re about to have access to the system. And then you’re given an opportunity to choose a password and a security question and answer that you can use in the event that you forget your password and need to ask for a reset via the homepage.

It gives you the breakdown – the rules that govern password creation. After you have activated your account, the first time you login to G5, you are going to be taken immediately to the profile page where you need to choose the role you’re going to have in G5. Everybody here is going to wanna select the payee/servicer role. There’s basically two roles to select from: there’s payee/servicer, and then there’s another one labeled reviewer.

Sometimes folks mistake the reviewer role for the read-only role in G5, and it is something completely different. Reviewers are field readers. They’re individuals who have been contracted by the department to review grant applications. It has nothing to do with the payments process. So don’t select “reviewer.” If you do, like I said, you can’t really screw things up. You’ll get to another page where you’ll enter information, and it’ll say, “No, you’re not a reviewer,” and then you’ll call the hotline and ask me what’s wrong, and I’ll correct you cheerfully.

Once you’ve identified yourself as a payee or servicer, you’re taken to this screen where now you actually provide the DUNS number for your institution. The key here – as Tony was pointing out, the difference between the payee DUNS and the grantee DUNS – payments are associated with the payee DUNS number, so that is the key DUNS number that is being provided on this page. The grantee DUNS number you can provide, but actually isn’t even required as far as registration is concerned. So the payee DUNS number is the one you’re gonna login to do payments, and that’s where your bank account information is associated.

You choose your level of access – either full access or read-only. You provide your date of birth, which is another method that we use on the hotline to verify your identity if you call and need assistance. Maybe I have offended some people who are leaving right now by asking about the date of birth. Some folks don’t wanna provide their date of birth, and you know what? You don’t have to provide a real date of birth. If you wanna fake it, we – all this is used for is verification. So if you want to claim you were born in 1980, that’s cool; 1990, you’re probably stretching it.

But if you provide a false date of birth, just remember what you provided because if you call and we can't identify you, then it gets tricky. After you've provided all of that information – this is a very important part of the registration – where it gives you a review of what you've entered in your profile, and there's a statement there – it's in red now. It used to not be in red, and people overlooked it all the time. It's pointing you to a form that needs to be printed out and actually signed and mailed in to us.

So there's – the statement here says, "Before clicking 'Submit,' click here." You need to click there in order to access this form. If you miss this step, there's no good way from the website to regenerate that form, and you will need to call the hotline, and we can provide you a new one. But you'll have to fill it out by hand. It won't be all electronically completed. Something I meant to mention about the form yesterday and I forgot – we've changed the requirements for notarization.

It was – sort of caused a stir and caused problems for some folks that for a year or so there we were requiring that when you mailed in this external security access form, not only was it signed off on by the user and an authorizing individual at the organization, but it also needed to be stamped by a notary, and it's with the introduction of foreign schools that that ended up having to change. We learned that the definition of notary varies from country to country. In some places it's very expensive for them to do something like that. In some countries, they just don't know what we're talking about – what a notary is.

So that requirement has been updated. Now you can either get your form notarized, or if your institution just has an official seal or stamp you can put that on the form in lieu of actually getting it notarized. So that is a preferable solution for a lot of users. Any questions about the registration process before I go on? Yes, ma'am?

Audience:

I just have one. If it's a read-only access, do you want – do you have to download the forms and send it in?

Brian:

Yes, the question was if you're requesting read-only access do you still need to send in a form? Yes. Yes, you do. Read-only – really, the only difference between read-only and full access, full access users can make requests. They can make adjustments and do refunds. View-only, they can see everything; they just can't do anything. But the same form needs to be on file for us to give you access to the system.

This section here about the My Awards screen, which is a really neat screen that isn't enabled right now. It displays a list of all of your institutions awards, gives you a quick snapshot of award numbers, available balances, authorization, last day to draw and the status of the award. We had to turn this functionality off. How it used to work was when you logged into G5, this is the first thing you would see. It ended up being too much of a resource hog, particularly for institutions that have large numbers of awards – some state departments of education that have literally hundreds and hundreds of grant awards.

When they logged in, they'd have to wait ten minutes for this screen to open, and sometimes their connection to the website would timeout before the screen popped up. So for now it has been disabled. It was supposed to be restored with the launch of G5 Phase 3, December 20th. Since that has been pushed back, I hope that My Awards will return before the actual Phase 3 launch, but right now it is something that is not available to us.

In order to request direct loan funds, and this goes for grants funds as well, the first thing that needs to be done is bank account information needs to be present and associated with your payee DUNS number. How many schools new to the process have not yet set up a bank account with us? Nobody? Alright! Let's skip this section. There's really nothing to it. There's a section in the Frequently Asked Questions section of the website where there's a link to the form and all the instructions you need.

Even if you have already set up banking information, it's probably worth noting this because if you ever need to change the bank account that funds are deposited into, it's the same form and the same process. You can't change it electronically. This form needs to be physically mailed in to us. How to create a payment request – there's really nothing to it. I typically tell users who are nervous about making a request that the G5 website is a slightly more complicated ATM.

It's – all it is is menu buttons; there's nothing that you need to know except for a dollar amount and how to recognize the award that you're drawing from. So this is what the payment request screen looks like. Type in a dollar amount. You can select a deposit date. The deposit date, by default, is the earliest possible date that we can get that money into your bank account. If you – it depends on your method of transmission.

If you use ACH as your method of transmission, which most schools do, make a request before 3:00 p.m. Eastern Time, it will

be deposited the next business day – two business days if you make the request after that. If you have FedWire as your method of transmission. If you make a request before 2:00 p.m., it will reach your bank that same business day. But you can push back the deposit date by up to 30 days. So if you are in G5, and you wanna take care of future draws in one login, you can enter your draw and then select to have it deposited the next week or two weeks later.

One thing you can't do with this is avoid system downtimes or maintenance periods. Sometimes folks think they'll be clever. For example, if we were to be down from December 10th to December 20th and a user would say, "Oh, you know what? I'm gonna make my request now and just request that it be deposited on the 15th – ha-ha!" It doesn't actually work that way.

On the summary page, you have the certification statement. Tony referred to the three-day cash rule, and that's what you're agreeing to here. Basically you're certifying that the funds you're drawing have either already been spent or they're going to be spent within three business days of receipt. Now, once you submit the request, and email gets sent to the email address of the G5 user giving you the details of the request – the date of deposit, the amount you requested, a control number, which is sort of like a confirmation number that you can use to inquire on the request or we can use to research if you have a problem and you need to call the hotline – date of deposit and the last four digits of the bank account number that the funds are headed to.

Draw down adjustments – this is a function that – okay!
Somebody in here doing that?

It allows you to move draw from one award to another. You can't move more than has been drawn against an award. Your adjustment needs to net to zero. You can't use an adjustment – you should not use an adjustment – excuse me. I'm gonna have a little discussion with the laptop here. There we go. No. Alright – draw down adjustments. Thank you – not as a substitute for returning X – it's not part of the act! It's not like a ventriloquist dummy that I'm arguing with. I don't know – I guess –

If you owe money, if you have excess cash, and it's money that you owe the department back you can't just adjust it away. You can't just adjust it away. There's a way you can use adjustment to – I'll explain that in a minute. And don't use adjustments to closeout a year or bring your school's cash balance to zero. The draw down adjustments are available from the payments menu.

When you create an adjustment, on the screen you have – you have two columns: decrease net draws and increase net draws.

This is sort of backwards from the way a lot of users want to think of their awards. When they wanna go in and make an adjustment to an award, it's common that people think in terms of the available balance, but what you're adjusting is actually the net draw. So if you're increasing the draw on an award, you are decreasing the available balance and – and vice versa. So a situation in which you would use this very, very common – very easily is if somebody drew from the wrong award by mistake, particularly in the direct loan area of things.

If somebody drew from the wrong year of direct loan rather than needing to go through the process of sending us a refund for the mistaken draw and then doing another draw at the same time and just having our monies pass each other in cyberspace, you can just go in and make an adjustment – decrease the draw against the award you drew from by mistake; increase against the award that you meant to draw from. In the area of grants, and this is a way that sort of the excess cash issue can be addressed.

Say you did an overdraw on a Pell award, and you end up with some excess cash, but then within the coming days – within that period – that grace period during which you're – it's okay for you to have that excess cash you need to do a draw for another program, like work study or SEOG that's greater than the excess cash amount you have on hand. You can make an adjustment rather than – again, rather than sending us back that Pell money and then doing a draw for work study, you can make an adjustment just to reflect, okay, this excess Pell money, we actually are spending it on work study.

Not everybody likes to do that. For reconciliation purposes, a lot of schools are going to prefer just to do the refund and then do the draw, but that is an option that's available to you as far as adjustments are concerned. Okay, so now when I hit the button nothing happens! Okay. Okay – and when you complete an adjustment, you get a confirmation screen that shows you what you're about to do, and then it gives you a confirmation number just like you get for a payment request, and that's a new thing. Adjustments used to not come with confirmation numbers, so that's a nice thing to have.

The electronic refund process – you can mail us paper checks when you need to return excess cash, but we vastly prefer that you do the refund electronically, and there's plenty of reasons.

Foremost, I'd say for schools is that it posts to G5 within two business days. That's from the point that it comes out of your bank account. So if you initiate an electronic refund in the morning, the next day it comes out of your bank account, within two days from that it's going to be applied to your award. You have control of the process, the bank account that the money is coming out of.

Unlike the depositor account where you need to mail us a direct deposit signup form, you can specify online – as a matter of fact you have to enter online the bank account that we're going to use when we do a refund. So you can change that very easily. And it needn't be the same bank account that your funds are deposited into. That was a question – it's a question we have frequently. You can specify any bank account for us to debit. You can do multiple refunds on the screen at one time just like for payment requests, and I'll show you those screens in a moment here.

Electronic processing reduces human error and delays. Before you can actually initiate one of these refunds, if you're doing an electronic refund for the first time, you do need to set up a refund bank account. The option to do that, "Maintain refund bank account," is part of the payments menu. And on this screen – very little to it. It's entering a routing number, an account number, a nickname for the bank account, which will be displayed when you go and make your selection on the refund screen.

So you can have multiple refund accounts set up if you like. You identify the account type. There's a checkbox on the screen about the account being invalid. That is something that is used internally. There's really no reason as you are setting up a bank account to mark it invalid, so don't do that. Sir, you had a question?

Audience: Yeah, do you need a different bank account for Pell and direct loans, or it can be the same _____?

Brian: It can be – yeah, the question was do you need a different bank account for Pell and direct loan? No. No, especially from a refund point of view, it doesn't matter at all. You are telling us which bank account the money is coming out of. As far as deposits are concerned, a lot of schools – I think most schools keep their direct loan and Pell award bank account separate just for ease of reconciliation.

Oh, and that reminded me of something that I meant to mention during adjustments; when you're making adjustments, adjustments can only be between grants or between loans. You cannot make a

draw down adjustment from a grant to a loan or vice versa.
There's no way for those monies to cross paths. Yes, ma'am?

[Audience question; inaudible]

Brian: The question is, "What is the return policy to return excess cash?" This – these follow the same rules that Tony was mentioning – if you can't spend the money within three business days, and then you have the seven days that you're allowed to hold onto that excess cash if it's within the percentages of tolerance that Tony mentioned – the 1.5 and 3 percent percentages of tolerance.

I'm losing folks here. I guess you're hungry. That's okay. I'm not trying to embarrass you. Well, maybe a little.

Creating a refund looks, again, very much like making a payment request. All there is to do is to type in a dollar amount and select a bank account that the funds are being pulled from. That is an ACH debit that we will perform. You'll get a confirmation screen. Again, it gives you a refund control number, a confirmation number, and you do get an email as well.

Reporting – the external award activity report is the place to go basically for all of your award information. Oh, I'm sorry. Yes, ma'am.

[Audience question; inaudible]

Brian: Can somebody closer up repeat that? I'm having a hard time hearing it.

[Audience question; inaudible]

Brian: Okay – yeah. Sorry – work study is a grant. The question was adjustments between grants and adjustments between loans – is work study a grant or a loan? It's a grant.

So the external award activity report, particularly right now when the My Awards screen is disabled, is where you can go to get all of your information. You have a start date and an end date. You can search a report – run a report for just a specific award number or your entire DUNS number and it'll give you all the activity – first a summary of all the activity on those awards. From the summary report if you click on the award number it'll take you to an award detail which will show you every transaction that has ever posted to that award.

And I think that's the next screen. Yes, that's the nice thing about G5. It's not just on the activity report. Basically anywhere in G5 that you see award numbers, it's always a hyperlink. You can always click on it and look at the detail for that award. And you can print any of these screens. The whole G5 application – it's just a web application. That's a question sometimes. "Can I print this? Can I print that?" Anything – just "File" and "Print" in your browser window.

These reports, in addition to being printable in HTML, you have options to export them either as CSV files or PDFs. A question came up yesterday about multipage reports – when an external award activity report is many pages long, rather than paging through it one page at a time and hitting "File, Print" for each of them, it might be more convenient to export that as a file, and then if you wanna print that, just to print the file.

Okay, that is the end of my part of the session. Any questions about G5? Yes, ma'am.

[Audience question; inaudible]

Brian: Right – since I'm the G5 guy, and I see your refund, but COD does not, I'm gonna let Tony respond to that.

[Audience question; inaudible]

Tony: The – her question was she's seeing refunds in G5 – you're submitting refunds to G5; they're not showing up in COD. They should be – the – there's a common output file that's created from G5 and submitted to COD that updates that cash activity screen. That's where you should be seeing those refunds. If you – and that common output file updates COD about 10:00 a.m. every morning, so if you're falling outside of that window – that timeframe – there's a problem there. You should come down to the lab and have somebody walk through your account in both COD and G5 to see if there is a real problem there – to see if there's something not linking right.

Brian: Yes, sir?

Audience: You mentioned that you're looking to develop new tools for reconciliation, and I think the analogy of balancing a bank account is an excellent one in terms of how we view reconciliation. How about carrying that analogy over to the _____ and producing what most of us look at is a bank account statement that we get at the end of the month with starting balance, ending balance and all the details that make that up?

Tony: That's a good suggestion. The SAS tries to do that, but you're looking for something very simple – like you just said – beginning balance, ending balance and the transactions in between. We can take that back and see what we can do with that.

Brian: Yes?

Audience: If I spend \$10,000.00 as _____ to the COD \$8,000.00 _____, where in G5 will I see that \$8,000.00 _____?

Brian: You'll see that as a change in authorization on an award detail. So when your disbursements are accepted – when increases to an award disbursement are accepted in COD, what you'll end up seeing is an increase in the authorization on the award – on either the direct loan or on the Pell award.

Audience: So there will never be an \$8,000.00 transaction in G5 I can _____?

Brian: No, there will be. Yeah, if you send – correct me if I'm wrong. If you send \$10,000.00 in disbursements, but only \$8,000.00 are accepted, you'll see an increase for \$8,000.00.

Tony: Right. Your funding level transaction is \$8,000.00. That's what will post as a CFL in COD, and that gets carried over to G5.

Brian: Yes?

Audience: *Thick accent; inaudible.*

Brian: I'm sorry. I'm having a hard time hearing you.

Audience: That sometimes when you send _____ transaction, _____ in the _____ authorization, that gonna _____ see a net amount. I see that in my _____. I see –

Brian: Okay. There's a microphone coming your way. I think you're talking about changes in authorization – net changes.

Audience: In my experience, sometimes when the Financial Aid send some information or we do some change in authorization that should be an increase or should be a decrease sometimes shows on our net amount.

Brian: I see. So you have increases and decreases, but you don't actually see all the increases and decreases in G5. You will just see the net transaction that comes over to us.

Audience: Right – that’s my experience.

Tony: Right – for direct loans, unlike Pell, the disbursement record decreases do not affect that CFL. It’s just the increases, and I think that’s what you’re looking at. And it is something we’re considering changing. But –

Audience: Could you say that again?

Tony: For your disbursement record decreases that you send to COD for DL, they do not decrease your CFL. With Pell they do a disbursement record with the increase it increases your CFL; a decrease decreases your CFL. But with direct loans, because it was an entitlement program, the thinking when COD was created was not to change that CFL based on disbursement records, and it is something we’re looking at changing. And I think that addresses the question you were asking.

Brian: I keep coming to the microphone, but Tony’s gonna answer all the questions. Yes, sir?

Audience: Going back to her question about submitting \$10,000.00 and only having \$8,000.00 accepted, there used to be a DIAO report that was tell us what’s being – what the details are of that \$8,000.00 that’s submitted. That’s not there anymore. How can we determine what \$8,000.00 got accepted or, better yet, what \$2,000.00 did not rather than going transaction by transaction?

Tony: I’m gonna look at my experts here. That’s an – is that a reject – there’s some reject edits here that that’s hitting. That’s why your \$2,000.00 didn’t get posted. The question is, “Where do they see that easily?”

Lori: You should be receiving your batch acknowledgement from COD – I have a cold, so excuse my voice – that would show you all of your rejected records and what got accepted. Does that –

[Audience question; inaudible]

Lori: Okay – when you send the batch into COD of disbursement records, everything that’s accepted you’re gonna get a response file back –

[Audience question; inaudible]

Lori: Right – it’s a common record response – your acknowledgement – you import that back through the site mailbox into your software.

[Audience question; inaudible]

Lori: Okay.

Tony: Yeah – Lori is with ACS, our customer service, and they’re working down in the PC lab. You would probably be best if you went down there and looked at your – the reports and your batches individually.

Lori: Yeah, we can walk you through COD and show you your batch, and then we do send it back through the site mailbox so that you can import it into your software.

Audience: We had a problem this semester with students being over your direct loan – like, I guess, _____ coming out? I’m in the Business Office.

[Audience comments; inaudible]

Audience: We had a problem this semester of having students over their amount that they were allowable to get a loan. They submitted it. Financial Aid submitted it through COD, disbursed it over to the Business Office. We draw the money down, give it to the student. Now it comes back and says, “This student is not eligible for the \$3,000.00. They’re over their limit.” They possibly have gone to a four-year university, borrowed lots of money. Now they’ve come back to a community college to get retraining, and they borrow money again, and somehow they’re over their limit. Now we’ve got accounts receivable for \$3,000.00 direct loans, right?

Tony: Right – that’s the way the system should work. What is your question?

Audience: How can we keep from that happening over on the COD side? Why would you allow a student to go over their limit and let us to disburse the fund to the student, then come back and say, “Oops, you’re not allowed this money”?

Tony: I think the long and the short of that is that that goes with the territory. The real driver of our business is student behavior. Sometimes the Financial Aid Office does not know that the student – what the student has done, or what they were eligible for, or what they received at the other school. And it’s – that’s a challenge.

Audience: But there’s no way when they submit that information, shouldn’t it pick it up that a student is over their limit?

Brian: It’s on the **ICER**.

Tony: Right – the ICER information –

Audience: But somehow our Financial Aid didn't –

Tony: Right, it's on the ICER now that I'm thinking about that.

Audience: But how does the ICER feed into COD?

[Audience comments; inaudible]

Audience: So somewhere in the Financial Aid piece there's a mistake. That's what I'm trying to figure out.

[Audience comments; inaudible]

Audience: We had like 20-some students that this happened to.

Tony: That – what the Financial Aid Administrator should be doing there is checking with NSLDS to make sure that they have all the accurate data, and that's probably something that's –

Audience: And is that like a one-on-one reconciliation of the students?

Tony: Yes, National Student Loan Data System –

Audience: I know what Financial Aid is gonna tell me: "That's impossible to do when you have thousands and thousands of students to look at." You know, that's impossible to do.

[Audience comments; inaudible]

Brian: I'm sorry. I didn't hear that comment.

Female: Correct me if I'm wrong, but if you put the student in transfer monitoring on NSLDS, and there's a disbursement made after you enroll them in transfer monitoring you will be notified.

Tony: Right.

Audience: So –

Audience: But does that mean you have to do every student?

Female: Well, I mean, if you – if they have to submit to you that they've been to a school recently, but, yeah, you have to check every student in NSLDS.

[Audience comments; inaudible]

- Audience:* Right – I think that’s probably – yeah, but we had like 20-some students –
- Audience:* You’re gonna have it no matter what. And some schools don’t report on time, so if they don’t report on time, then _____ school I don’t know they went somewhere else –
- Audience:* Can we repeat that, or did everyone hear it?
- Audience:* So it’s just a product of the environment. The Business Office has accounts receivable.
- Audience:* Right – always.
- Tony:* Right – I was going – there’s a –
- Audience:* Let me defend the Financial Aid Office for a second. There are times when the ICER shows that the student is near the end of their loan limit and not completely reached it, and figuring out exactly how much the student is eligible for in subsidized and in unsubsidized, we could make a mistake and submit it for a little more than it should be, in which case COD should reject it or G5 – somebody should reject it and tell us back that we made a mistake.
- Female:* And just speaking from a COD perspective, if the student has reached their annual loan limit, we will reject it coming in. However, if one school uses up the additional funding for another, we don’t have preference over which school uses it.
- Audience:* First in; first out.
- Female:* Right – is that correct?
- Brian:* Right – so that is an issue, and the best we can do is – it goes with the territory. And we try to stay reconciled between those offices and make sure what’s in NSLDS is correct and matches the ICER. So it’s a multi-pointed reconciliation.
- Audience:* Pell has a similar thing called the POP.
- Brian:* Right.
- Audience:* Where two institutions submit for a Pell grant at the same time we get notified back and –
- Tony:* Right – that – the POP procedure – that’s the potential over-award project where the two schools are claiming the same student in Pell – that seems to work fairly well that both schools receive the

notice, and the award will be reduced to zero if it's not resolved.
So I gather you would like to see something similar in direct loans?

Audience: Yes.

Tony: Okay – we could take that back.

Audience: Well, change it a little bit and call it POOP instead of POP.

Tony: Okay – okay, that's been most helpful. Alright, you've been a great group today. Are there any other questions? This is our contact information if you need to get in touch with us, and we'll be here for any other questions you have, and we'll also be available in the PC lab. Thank you. Enjoy your lunch.

[End of Audio]