Federal **Student Aid**
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Reconciliation Process Overview

Direct Loan Reconciliation is the process through which your school will review and compare the William D. Ford Federal Direct Loan (Direct Loan) Ending Cash Balance recorded in the U.S. Department of Education's (the Department's) Common Origination and Disbursement (COD) System to your school's internal records on a monthly basis.

Through the reconciliation process, your school must complete the following actions:

- Identify and resolve all discrepancies

- Document reasons for Ending Cash Balance

In this document, we provide a high-level overview of the Direct Loan reconciliation process. It is one in a series of high-level overviews developed for the Foreign School Direct Loan Processing area of the Foreign School Information page.

Section 1 – Reconciliation Requirements and Planning

Reconciliation is required on a monthly and annual basis. Annual reconciliation is referred to as Program Year Closeout and must be completed by the established deadline for each year. By implementing and executing a monthly reconciliation process, your school should be able to close out earlier than each Program Year Closeout deadline. Think of monthly and annual reconciliation as balancing your own personal checkbook; if you resolve discrepancies as they occur each month, you will have a balanced checkbook at the end of the year.

Your school will need to determine who will perform the reconciliation function, on what basis the parties involved will communicate with each other, and which systems will be used for the reconciliation process. This planning is essential as it must be a coordinated effort between those with financial aid responsibilities and those with business office responsibilities. The Department provides report and software resources to assist your school in this effort.

Section 2 – Monthly SAS and Ending Cash Balance

The Department issues an award-year specific School Account Statement (SAS), similar to a bank statement, on a monthly basis to schools participating in the Direct Loan Program. The SAS contains the Department's official Ending Cash Balance for the school and award year, as well as a record of all detailed transactions (cash and actual disbursement data) processed in the COD System during the reported period. Your school can use the summary and detail-level information contained in the SAS to reconcile to its internal records. More information on the SAS can be found in the COD Technical Reference.

The Department calculates the official Ending Cash Balance using the following formula:

Total Net Drawdowns – Total Net Booked Disbursements = Ending Cash Balance

- **Total Net Drawdowns (Cash Transactions) –** All drawdowns and drawdown adjustments made via G5, the Department's system through which funds are drawn down and managed, as well as any refunds of cash returned to the Department.

- **Total Net Booked Disbursements –** All actual disbursements and adjustments (with Disbursement Release Indicator or DRI = True) accepted from the school and considered "booked" by the Department during the reported period.

Note: A loan becomes booked when the COD System has an accepted loan origination record, an MPN is received and linked to the loan, and an accepted actual disbursement record has been accepted.

All components of the Ending Cash Balance calculation are included in the SAS Cash Summary record for reference.

Upon receipt of the SAS, your school can compare the SAS Cash Summary to its internal records, to determine where further research is needed. If summary-level discrepancies exist or if your school needs to further research reasons for an Ending Cash Balance, you can compare the cash and/or disbursement detail records included in the SAS Detail to your school's internal records as needed.

Section 3 – SAS Formats and Options

The SAS is available to schools in multiple formats and with many different options for report content, to suit individual school needs. The SAS will be sent to your school, through the SAIG mailbox, using the default options for the report (fixed length, monthly cash and disbursement detail), unless your school chooses to update these options. A full explanation of the available formats and options is available in Volume 6, Section 7 of the COD Technical Reference.

If your school does not have a software or system in place that will allow you to import, view, and/or print the SAS for use in your school's reconciliation process, your school may choose to update its SAS Options to allow you to open the file in a standard spreadsheet or database software, such as Microsoft Excel. To facilitate this process, your school will need to update its SAS Options Report Format to be Comma-Delimited with Headers. The sections and column headings are included in this format, allowing your school to easily view and print the file without any special software or system functionality. Instructions for opening this file in Microsoft Excel are provided in Section 5 of this document, for reference, but the process should be similar in other software.

Another option for formatting, printing, and/or comparing SAS data to your school's internal records is to use Direct Loan Tools, a free software application available on the [Knowledge Center](#). If your school plans to use Direct Loan Tools, it will need to update its SAS Options to receive a Fixed Length SAS format, with Report Activity Type Year-to-Date. More information on the use of Direct Loan Tools is available in the COD Technical Reference.

If your school uses commercial vendor software or a school-developed system for processing Direct Loan awards and communicating with the COD System, contact your software vendor or IT department to determine which format/options are needed for your system to be able to import, view/print, and/or compare the SAS to your school's internal records.

Your school can update its SAS Options via the [COD website](). An authorized user can do so by selecting the "School" menu and choosing Report Selection from the links on the left-hand side of the screen. From the Report Selection screen, the user will then choose Modify SAS Options. (Note: A user with view-only access will see a link for "View SAS Options" and will not be able to make modifications. For questions on your user access level, contact FSA Partner and School Relations Center.) The user will be redirected to the SAS Options screen. The user will next verify that he or she is viewing the correct program and award year prior to making any updates. The SAS is year-specific, so the user will need to make similar updates to each award year in which your school plans to process. However, once your school's updates are made, your SAS options will be updated for future years based on your most current year's settings. There is no need to make updates to these options after these initial updates unless your school's needs change.

Section 4 – Receiving SAS

The SAS is delivered to schools immediately following the first full weekend of the month, with data through the end of the previous month. The SAS is transmitted to each school's Student Aid Internet Gateway (SAIG) mailbox, and can be retrieved using the EDConnect software, available on the Knowledge Center. Also available on this site is the complete User Guide for the EDConnect software, which provides instructions for using the software to access your school's SAIG mailbox to send and receive files.

The SAS will be sent to your school in one of four message classes, depending on your selected SAS Options:

- DSDF – Fixed Length, Disbursement Level Loan Detail

- DSLF – Fixed Length, Loan Level Loan Detail

- DSDD – Delimited, Disbursement Level Loan Detail

- DSLD – Delimited, Loan Level Loan Detail

Once you have received the files via the SAIG, they will be stored on your school's system in the default location indicated during EDConnect setup. Your school will be able to retrieve the files from this location and import or open them as needed, using one of the methods outlined in Section 3.

Section 5 – Opening SAS Using Microsoft Excel

As explained above, if your school does not have a software or system in place that will allow you to import, view, and/or print the SAS for use in your school's reconciliation process, your school may choose to update its SAS Options to allow you to receive a comma-delimited with headers SAS file. Instructions for opening this file in Microsoft Excel are provided below, for reference, but the process should be similar in other software.

Microsoft Excel

1. Open Microsoft Excel.

2. From the Office Button in the upper left corner of the window, select Open.

3. From the Open dialog box, use the Folders view to navigate to where the SAS files are saved on your PC or network. If you are unsure where to locate your school's report files, check your EDConnect setup or check with the appropriate IT staff.

4. At the bottom of the Open dialog box, click on the drop-down menu displaying All Excel Files. Choose All Files. You should now be able to view a list of all files in the folder chosen in the Folder view.

5. Choose the most recent SAS file from the list. The message classes for the comma-delimited with headers SAS are DSDD (for a disbursement level detail file) and DSLD (for a loan level detail file). You can identify the latest report based on either the file Modified date or by choosing the highest numbered file extension.

6. Click on Open.

7. From the Text Import Wizard Dialog, under Original Data Type, choose Delimited. Click on Next.

8. Under Delimiters, click the checkbox next to Comma. Click on Finish.

After following the above instructions, your school should be able to view the SAS as a spreadsheet in Microsoft Excel. Your school can update the formatting as desired to view or print the SAS file. In addition, all of the section and column headings will be included in the body of the SAS.

Note: Another tool available through the COD website is the SAS Disbursement Detail on Demand. This tool allows users to request Direct Loan SAS Disbursement Detail reports for all active award years reporting booked and unbooked disbursements. Users can request a report anytime of the month in which the report will be delivered to the school's SAIG mailbox the next day. Regarding the process and formatting, users can reference the Volume 6, Section 7 of the COD Technical Reference. To assist users with the on-demand report, a SAS Disb on Demand Reader and reader instructions can be found on the COD website under the COD Resources section.