

November 2004

DLB-04-26

Subject: Direct Loan Closeout Information for the 2003-2004 Program Year

Dear Partner:

The closeout deadline for the 2003-2004 Direct Loan Program Year is **July 29, 2005**. This is the last processing day before the end of the program year, so all school data must be received and accepted by this date in order to be included in your school's final Ending Cash Balance for the year. To be considered successfully closed out, your school must have an Ending Cash Balance of \$0 and Total Net Unbooked Disbursements of \$0, as reflected on your School Account Statement (SAS) Report.

As a reminder, reconciliation is performed on a monthly basis, and the final closeout stage should begin as of the last loan period end date at your school for a given Program Year. A key factor to an easy reconciliation and closeout is staying on top of the process. We encourage your school to complete the following simple steps while reviewing your school's internal records and the Common Origination and Disbursement (COD) System records:

- Ensure that all drawdowns and refunds of cash are accounted for and applied to the correct program year;
- Ensure that all disbursements and adjustments are accurate, reported, and accepted by the COD System;
- Ensure that all batches have been sent to and accepted by the COD System;
- Ensure that all unbooked loans are resolved;
- Resolve all outstanding rejected records; and
- Return all refunds of cash to us according to the guidance provided in DLB-04-06 at <http://www.ifap.ed.gov/dlbulletins/DLB0406.html/>.

There are numerous tools available to assist your school in reconciliation and closeout efforts. These tools include:

- SAS Reports;
- 30-Day Warning Reports;
- GAPS web site and reports;
- COD web site;
- DL Tools/SAS Compare Program; and
- Customer Service Representative/Reconciliation Specialist assistance.

Additionally, we automated some functions within the COD System to help keep you informed about your closeout status with the Department. These additions, effective with the 2003-2004 closeout process, are highlighted below.

System-Generated Closeout Correspondence

Beginning in December 2004, we will send system-generated closeout correspondence to schools. These letters will also be available to view on the COD web site's School Correspondence Screen. Some of

these letters may be familiar to you, but others are new. We did modify some of the language in the letters, so please read them carefully.

Once your school's latest award (loan period) end date has passed, your school will receive the following correspondence about its monthly ending cash balance:

- *Remaining Balance Confirmation Letter* – This letter will be sent to your school each month it has an ending cash balance that is not at zero. It is sent to the Financial Aid Administrator as an e-mail, unless there is no valid e-mail address on record. In that case, a hardcopy letter will be mailed to the Financial Aid Administrator.
- *Zero Balance Confirmation Letter* – This letter will be sent to your school each month it has an ending cash balance of zero but has not confirmed that balance. It is sent to the Financial Aid Administrator as an e-mail, following the same procedures used for the Remaining Balance Letter.

The following hardcopy letters will be mailed at specific times during the closeout process, if applicable conditions are met (see below):

- *Program Year Closeout Letter* – This letter will be sent to your school after it achieves a zero balance, receives a Zero Balance Letter, and confirms that balance on the COD web site. It serves as confirmation that your school is closed out for the program year indicated in the letter. It is sent to the Financial Aid Administrator and the President.
- *Change in Zero Balance Letter* – This letter will be sent to your school if it previously closed out, but your school's ending cash balance is no longer at zero. It is sent to the Financial Aid Administrator and the President.
- *Reopen Letter* – This letter will be sent to your school if it has closed out and then requests to be reopened to continue processing and the current date is prior to the official closeout deadline. It is sent to the Financial Aid Administrator and the President.
- *Notification/Warning Letter* – This letter will be sent to your school several months before the closeout deadline. It will go to all schools that have not officially closed out (including any schools with a zero balance). It is sent to the Financial Aid Administrator and the President as a reminder to close out before the final deadline.

New COD Web Screen

We have added a new web screen to the COD web site. The new screen is called the School Balance Confirmation Screen. Once a school receives its Zero Balance Confirmation letter, the school may access this screen and confirm its zero balance. The steps for completing the balance confirmation process are as follows:

1. Sign in to the COD web site.
2. From the School Search Screen, enter your school search criteria (i.e., Direct Loan G- or E-code or COD ID).
3. From the School Summary Screen, click on the link labeled "Balance Confirmation" on the left-hand side of the screen.
4. At the School Balance Confirmation Screen, review the information presented. The COD System Ending Cash Balance and Total Net Unbooked Disbursements at the top of the page must be at \$0 in order for you to be able to agree with the balance.
 - a. Enter your school's Ending Cash Balance.
 - b. Enter the End Date (or as-of date) of the School Balance in #4a.
 - c. Click on "I Agree" or "I Disagree," as appropriate.
5. If you select "I Agree" and your school meets the conditions stated in #4 above, the message "Balance confirmation updated successfully" will appear. If you select "I Disagree," the message "Continue with monthly reconciliation" will appear.

6. If you select “I Agree” and your school does not meet the conditions in #4 above, the message “No Zero Balance Confirmation sent” will appear. If you select “I Disagree,” the message “Continue with monthly reconciliation” will appear.
7. If the balance confirmation process is successful, a closeout letter will be automatically generated to your school during COD processing that evening.

Your school must confirm its balance and close out as soon as it has completed processing for the Program Year and has achieved an Ending Cash Balance of \$0 and Total Net Unbooked Disbursements of \$0 internally and on the SAS. Confirming your school’s balance quickly will allow your school to officially suspend processing for the closed award year, to eliminate unnecessary reports, and to receive an official notification of closeout from the Department.

If you have any questions about this bulletin or the closeout process, please contact the COD School Relations Center at 800/848-0978 or send an e-mail to codsupport@acs-inc.com.

We are confident that the changes we have implemented will improve the closeout process for your school. Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

Bill Leith
General Manager, Program Operations Channel