Reconciling Direct Loans

ED defines reconciliation as follows:

> "The process by which the Direct Loan cash balance
> reported by the Loan Origination Center (LOC) is reviewed
> and compared with the school's internal records on a
> monthly basis by the school. Schools should resolve
> all discrepancies."

In other words, reconciliation is the process by which a school balances Direct Loan records with the LOC. It is critical that schools develop and maintain reliable procedures for reconciling their Direct Loan accounts. The information in this chapter provides a general overview of the reconciliation process.

Reconciliation: A Three-Way Comparison

In reconciling Direct Loan records, there are three sources of information to be compared:

- ◆ the school's business office system,

- ◆ the school's Direct Loan System, and

- ◆ the Loan Origination Center (LOC).

The LOC provides a monthly Direct Loan School Account Statement (DLSAS), which is described in the next section, that is a key component in reconciliation. However, it is also important for the school to develop internal procedures to ensure that its business office records and Direct Loan System records are current and accurate. In addition, schools should realize that prompt reporting to the LOC can greatly simplify the reconciliation process, because the Direct Loan School Account Statements generated by the LOC will then be much more likely to match the school's own records.

Direct Loan School Account Statement (DLSAS)

The LOC provides the fundamental basis for monthly reconciliation in the form of an electronic file called the Direct Loan School Account Statement (DLSAS). The DLSAS is sent to the school on the first weekend of each month with data for the prior month's transactions.

Beginning with the 1998-99 award year, the LOC sends a separate DLSAS for each academic year that the school participates in the Direct Loan Program until that academic year is closed out as directed by ED. Since schools can have up to three open academic years at any given time, they may receive up to three Direct Loan School Account Statements each month.

For Your Information

The DLSAS message class is year-specific, so it changes yearly (italics added for emphasis).

- For 1998-99 it is DSAS*99*OP.
- For 1999-2000 it is DSAS*00*OP.
- For 2000-01 it is DSAS*01*OP.

The DLSAS is sent using a message class. The school may import and format the electronic file to look like a bank statement.

Each DLSAS includes the following types of monthly records:

❖ a cash summary,

❖ a cash detail report, and

❖ an optional loan detail report (included unless the school chooses not to receive it).

Schools are responsible for using this information to reconcile their own records with the DLSAS.

DLSAS Cash Summary

Take a Look

See page 9-4 for a sample of the DLSAS cash summary.

At the beginning of each academic year, a school starts with a beginning cash balance of zero on the DLSAS. Following this, the cash summary record for each month begins with the ending cash balance from the previous month.

The cash summary includes the following information for the reported month:

◆ all drawdowns received by the school, as reported by ED's Grant Administration and Payment System (GAPS);

◆ all excess cash returned by the school and received by the LOC;

◆ all booked disbursement transactions—actual disbursements, adjustments, and (prior to academic year 1999-2000) cancellations—acknowledged by the LOC; and

◆ all unbooked accepted disbursement transactions reported by the school to the LOC.

These transactions appear on the DLSAS for the month in which the LOC receives or acknowledges the transaction. A September disbursement acknowledged by the LOC in October will therefore appear on the October DLSAS, which will arrive at the school in early November.

GAPS reports drawdown information to the LOC. Drawdowns are included in the statement for the month that GAPS transmitted the drawdown information to the LOC.

Some points worth emphasizing about the DLSAS cash summary are:

◆ Returns of excess cash will only be included on a particular month's report if they were received by the LOC in that month.

◆ The "Net Booked Disb. Actual" and "Net Booked Disb. Adjustments" on the DLSAS cash summary are totals of all transactions acknowledged as booked by the LOC during the month.

◆ The "Ending Cash Balance" indicates the cash balance at the end of each month for all the cash transactions and booked disbursement transactions.

◆ All unbooked transactions are records for which the LOC has accepted disbursements or adjustments but does not have accepted promissory notes.

◆ The unbooked information in the DLSAS cash summary will include all **cumulative** accepted but unbooked transactions through the end date of the DLSAS. Origination Option 2 schools should be the only schools that show any totals in this section.

Take a Look

• See Chapter 3 for an overview of GAPS.

• See Chapter 10 for details about excess cash and other cash management requirements.

• See Chapter 7 for details about disbursements.

For Your Information

A loan is booked when the LOC has received and accepted a borrower's:

• loan origination record,

• completed and signed promissory note, and

• disbursement record.

Take a Look

See Chapter 4 for details about school origination options.

An example of a DLSAS cash summary appears below.

```
Report Date: 09/26/1999  U.S. DEPARTMENT OF EDUCATION              PAGE:  1
Report Time:  09:24:18 1999-2000 Federal Direct Loan Program
                   Direct Loan School Account Statement
   THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
**************************************************************************
BATCH ID: AS0G0222119991004113421
LOC Process Date:  10/04/1999

School Code:  G02221
Month End:    09/30/1999


CASH SUMMARY

Beginning Balance:                                     $       139,745
    Cash Receipts:                  $       13,501
    Excess Cash Returned:           $       28,829
Total Cash Receipts                                    $       -15,328

    Net Booked Disb. Actual:        $      114,724
    Net Booked Disb. Adjustments:   $      -13,408
Total Net Booked Loan Detail                           $       101,316


Ending Cash Balance:                                   $        23,101


--------------------------------------------------------------------------

    Net Unbooked Disb. Actual:      $        5,000
    Net Unbooked Disb. Adjustments: $            0
Total Net Unbooked Loan Detail                         $         5,000

Adjusted Ending Cash Balance:                          $        18,101


                          ******
The LOC's Ending Cash Balance represents the Department's official cash
balance for your school at the end of the current month. This ending
cash balance from the LOC's records will be used by the Department to
monitor the cash activity and balances at your school. If your records
do not agree, please notify your Customer Service Representative
IMMEDIATELY.
                          ******
```

DLSAS Cash Detail

The cash detail report provides information on the following transactions during the reported month:

❖ all drawdowns, and

❖ all excess cash returned.

Some important points to note are:

❖ The LOC obtains detailed drawdown information directly from GAPS.

❖ The LOC obtains excess cash information from its records of funds received from the school.

❖ Drawdowns are included in the DLSAS for the month in which GAPS transmitted the information to the LOC.

❖ Excess cash is included in the DLSAS for the month in which the funds were received at the LOC.

The cash detail records include GAPS control numbers for drawdowns and check numbers for excess cash returns. This is a new feature to help schools track information.

An example of a DLSAS cash detail appears below.

```
Report Date: 09/26/1999   U.S. DEPARTMENT OF EDUCATION          PAGE:  2
Report Time: 09:24:18 1999-2000 Federal Direct Loan Program
                  Direct Loan School Account Statement
   THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*******************************************************************************
BATCH ID: AS0G0222119991004113421
LOC Process Date: 10/04/1999

School Code:  G02221
Month End:    09/30/1999


CASH DETAIL RECORDS FOR THIS MONTH

TRANS TYPE      DATE         AMOUNT           GAPS CONTROL #     CHECK #
----------      ----------   ---------------  --------------     -------
Cash Receipt  09/25/1999  $        13,501   9876543211234
Excess Cash   09/12/1999  $        13,408                      254987651ABC
Excess Cash   09/19/1999  $        15,421                      254987652ABC
```

DLSAS Loan Detail

The DLSAS loan detail is an optional report that includes the following information for the reported month:

◆ booked disbursement transactions—disbursements, adjustments, and (prior to academic year 1999-2000) cancellations—acknowledged by the LOC and sorted by loan I.D., and

◆ accepted but unbooked disbursement transactions for the academic year.

If a school wants to receive loan detail records, the school may choose to receive all loan detail records or only the unbooked records.

◆ A school should contact its customer service representative (CSR) at the LOC if it chooses not to receive the loan detail information or wishes to receive the unbooked records only; otherwise, the school will automatically receive all loan detail records.

◆ If the school decides not to receive this information on a regular basis, it can change its request at any time and request loan detail information for any previous monthly statement by calling the LOC.

Some points worth emphasizing are:

◆ The loan detail information will include booked records that are acknowledged during that specific month.

◆ All accepted but unbooked disbursement transactions will be included on the DLSAS for the year to date.

◆ If an accepted disbursement transaction is unbooked, then there is a problem with the promissory note.

◆ Each booked transaction will also include the disbursement booked date. This is the date the individual transaction books at the LOC. This date determines the month the disbursement transaction appears on the DLSAS. Either the disbursement acknowledgment date or the promissory note acknowledgment date determines the booked date.

An example of a DLSAS loan detail appears below.

```
Report Date:  09/26/1999      U.S. DEPARTMENT OF EDUCATION           PAGE:  3
Report Time:  09:24:18    1999-2000 Federal Direct Loan Program
                   Direct Loan School Account Statement
   THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
****************************************************************************
BATCH ID : AS0G0222119991004113421
LOC Process Date:  10/04/1999

School Code:  G02221
Month End:    09/30/1999

LOAN DETAIL RECORDS

BORROWER'S NAME                   DISB#/TYPE   LOC         STATUS        BOOKED
LOAN ID                           DATE         AMOUNT                    DATE
--------------------              ----------   --------    --------------  ----------

SMITH, CYRIL                      1   D                    UNBOOKED
222222222S00G02221001             09/07/1999   $   5000    GROSS
                                               $    200    FEE
                                               $   4800    NET
                                               $      0    NET ADJUSTMENT

BROWN, MARY                       1   D                    BOOKED        09/08/1999
333333333S00G02221001             09/07/1999   $   2750    GROSS
                                               $    110    FEE
                                               $   2640    NET
                                               $      0    NET ADJUSTMENT
```

Preparing for Monthly Reconciliation

Schools should maintain their internal records in such a way that they can prepare for monthly reconciliation by completing the following steps each month:

❖ Export all pending data. This will ensure that the LOC can provide accurate information by having all current:

◇ loan origination records,

◇ disbursement records (including adjustments), and

◇ completed and signed promissory notes and promissory note manifest.

Take a Look

- See Chapter 6 for details about loan origination records and promissory notes.
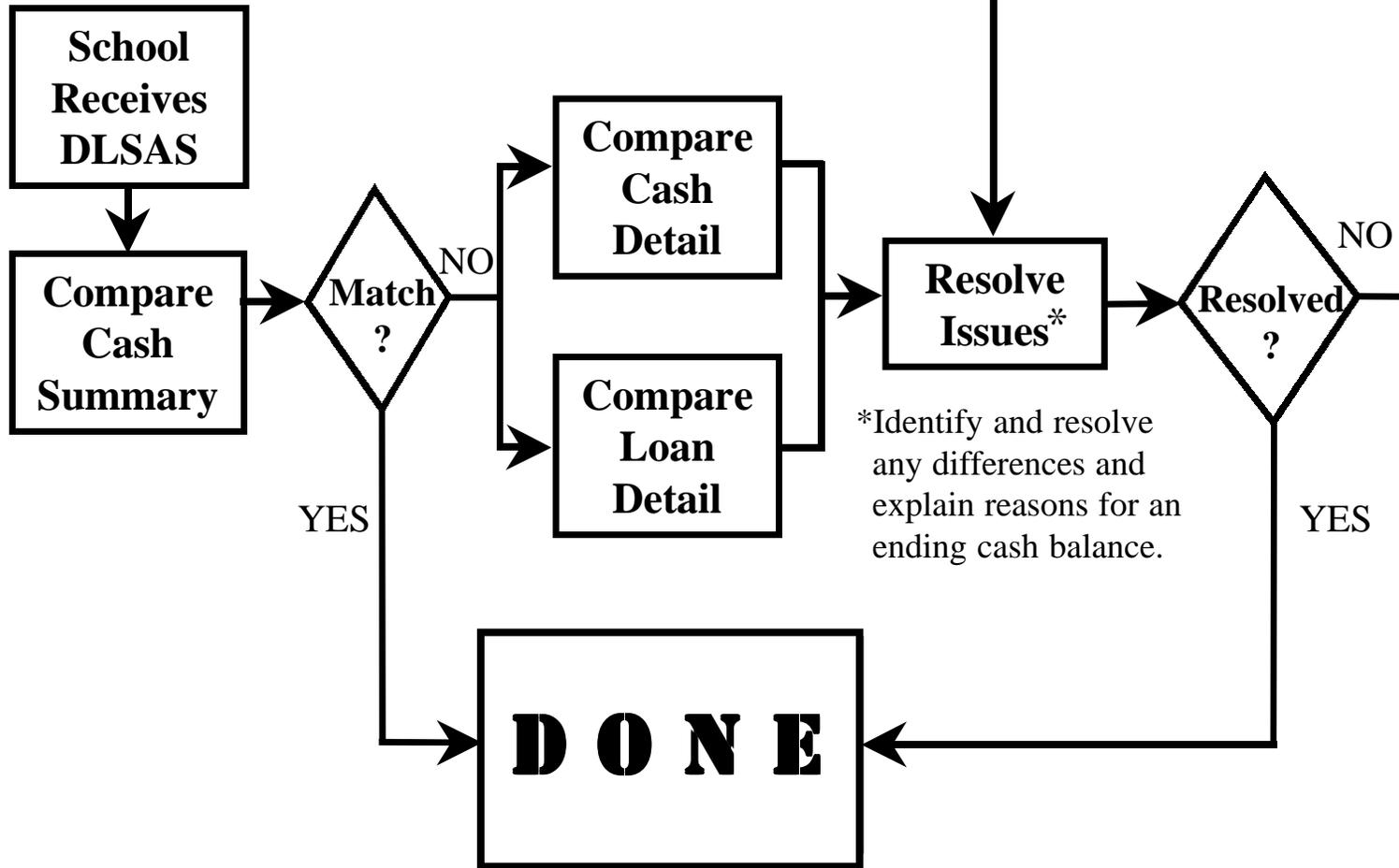- See Chapter 7 for details about disbursement records.

◆ Import all pending acknowledgments. This will ensure that schools can successfully complete monthly reconciliation by having all necessary:

◇ summary acknowledgments,

◇ master promissory note confirmation acknowledgments, and

◇ disbursement acknowledgments.

◆ Allow enough time for all pending items to be acknowledged by the LOC (generally five business days).

◆ Review the batch activity list for any unconfirmed batches, and import any missing acknowledgments.

◆ Review drawdown and excess cash activity in the school's federal bank account and reconcile any discrepancies.

◆ For schools using EDExpress (free PC-based software provided by ED), run the Booked Status Report Measurement Tool. This report helps identify any unbooked loans in the school's system and indicates which component (master promissory note or disbursement record) is needed to book the loan.

◆ Back up all Direct Loan data files.

Performing Monthly Reconciliation

Each month, the LOC sends a DLSAS report to the school. This report is generated by the LOC during the first weekend of the month following the reported month (for example, the first weekend in September, the LOC generates a report for August and sends it to the school). The school is required to reconcile the information on the DLSAS report to its internal records on a monthly basis.

The DLSAS is one component of a three-way reconciliation process in which the DLSAS is compared with the school's business office records and the school's Direct Loan System records. The chart on the following page shows the basic steps of monthly reconciliation.

Steps to Reconciling the DLSAS

```
┌──────────────┐
│   School     │
│  Receives    │
│   DLSAS      │
└──────┬───────┘
       │
       ▼
┌──────────────┐      ┌─────────────┐        ┌──────────────┐        ┌──────────┐
│   Compare    │  NO  │  Compare    │        │   Resolve    │        │          │ NO
│    Cash      │─────▶│   Cash      │───────▶│   Issues*    │──────▶ │ Resolved │────┐
│   Summary    │      │   Detail    │        │              │        │    ?     │    │
└──────────────┘      └─────────────┘        └──────────────┘        └──────────┘    │
     Match ?                                                                         │
        │             ┌─────────────┐                                               │
       YES            │  Compare    │      *Identify and resolve                    │
        │             │    Loan     │      any differences and        YES           │
        │             │   Detail    │      explain reasons for an                   │
        │             └─────────────┘      ending cash balance.                     │
        │                                                                           │
        │         ┌──────────────────────┐                                          │
        └────────▶│      D O N E         │◀─────────────────────────────────────────┘
                  └──────────────────────┘
```

Compare Cash Summary

Once the school receives the DLSAS, the first step in monthly reconciliation is to compare the ending cash balance, cash receipts, excess cash, and disbursement totals from the DLSAS cash summary to each corresponding total in the school's Direct Loan System and business office system. The following chart summarizes this process:

HOW TO COMPARE THE DLSAS (DSAS00OP.*) AND SCHOOL RECORDS--CHART 1

DLSAS	Compare to School's	Look For
Cash Summary Contains totals of: ❖ Beginning Cash Balance ❖ Cash Receipts (Drawdowns) ❖ Excess Cash Returned ❖ Net **Booked** Disbursements ❖ Net **Booked** Adjustments ❖ Ending Cash Balance ❖ Net **Unbooked** Loan Detail	❖ School Business Office records/systems showing cash balances AND/OR ❖ Direct Loan System Cash Summary Reports (named "List–Cash" in EDExpress)	Discrepancies in totals of: ❖ Drawdowns ❖ Excess cash ❖ Disbursements ❖ Adjustments ❖ Ending cash balance

◆ If the school's internal systems match all the totals on the DLSAS cash summary, the reconciliation has been successfully completed.

◆ If the cash balances do not match, the school must continue with the reconciliation process.

◆ There may be discrepancies in one or more areas between the DLSAS and the school's records. The initial analysis of the cash summary information should narrow the field for detailed analysis to those areas in which the school has identified discrepancies.

❖ Each of the three systems—the school's business office system, the school's Direct Loan System, and the LOC—may account for cash receipts, excess cash, and disbursement transactions in different ways. Schools must take this into account when conducting their reconciliations.

❖ When reconciling the DLSAS cash summary with the school's internal cash records, the school must allow for any timing differences caused by transaction dates that fall close to the beginning or the end of the month.

Compare Cash Detail

If the school cannot reconcile the balances on the cash summary report with its internal records, the next step is for the school to compare the DLSAS cash detail records to the information in its Direct Loan System and business office system. The following chart summarizes this process:

HOW TO COMPARE THE DLSAS (DSAS0OOP.*) AND SCHOOL RECORDS--CHART 2

DLSAS	*Compare to School's*	*Look For*

Cash Detail
 	
Includes detailed list of:
 	
❖ **Drawdown** transactions reported by GAPS
 	
❖ **Returns of excess cash** received by LOC
	❖ Business Office records:
	  ◇ Bank statements
	  ◇ Canceled checks
	  ◇ Ledgers
	
	    AND/OR
	
	❖ Direct Loan System Cash Detail Reports (if available)
		❖ Differences in dollar amounts
		❖ Individual cash receipts or returns of excess cash not recorded for that month because of **timing** issues
		❖ Cash receipts or excess cash not recorded in one or more systems
		❖ Cash receipts or excess cash recorded in the wrong year in any system
		❖ Returns of excess cash recorded as a payment in one or more systems

❖ If, after reviewing the DLSAS cash detail records, the school is able to resolve the accounting discrepancies, the reconciliation has been successfully completed.

❖ If, after reviewing the cash detail records, the discrepancies are not resolved, the school will need to use other resources (for example, the DLSAS loan detail) to continue the reconciliation process.

Compare Loan Detail

One of the resources available to schools during the reconciliation process is the optional DLSAS loan detail report. Schools choosing not to receive the loan detail records with their monthly DLSAS can still request reports on an as-needed basis by contacting their LOC customer service representative.

As noted previously, schools may choose to receive all loan detail records or only the unbooked records.

The school should compare the DLSAS loan detail records to the information in its Direct Loan System and business office system. The following chart summarizes this process:

HOW TO COMPARE THE DLSAS (DSAS000P.*) AND SCHOOL RECORDS--CHART 3

DLSAS	Compare to School's	Look For

Loan Detail (Optional)
 	
Includes detailed list of:
❖ **Booked** disbursement transactions
  ◇ Disbursements
  ◇ Adjustments
❖ **Unbooked** disbursement transactions
  ◇ Disbursements
  ◇ Adjustments
	❖ List of disbursement transactions with all three status flags—origination, promissory note, and disbursements (named "Measurement–Booked Status" in EDExpress)
	
	❖ 30-Day Warning Report
	❖ Messages class (DIWR??OP). Question marks represent last two digits of the award year.
		❖ Transactions with any of the three status flags not in "A" status
		
		❖ Loans which are missing a necessary component to book the loan (missing a loan origination record, promissory note, or **first** disbursement)

HOW TO COMPARE THE DLSAS (DSASOOOP.*) AND SCHOOL RECORDS--CHART 3 (CONTINUED)

DLSAS	Compare to School's	Look For
	❖ Actual Disbursement Status Report (named "List–Actual Disbursements" in EDExpress)	❖ Any disbursements not in "A" status: ◇ "R" – Batch and transmit ◇ "B" – Ensure it was transmitted and/or pull in acknowledgment ◇ "E" – Resolve the problem and batch and transmit
	❖ Pending Disbursement Report (named "List–Anticipated Disbursements" in EDExpress)	❖ Unrecorded disbursements
	❖ Business Office Disbursement Records (credits to student accounts)	❖ Any discrepancies between internal disbursement records, DLSAS, and Direct Loan System
	❖ Origination Status Report (named "List–Loans" in EDExpress)	❖ Loan origination records not in "A" status
	❖ Promissory Note Status Report (named "List–Promissory Note" in EDExpress)	❖ Notes not in "A" status: ◇ P = Printed, not signed ◇ S = Signed, with no corresponding manifest batch ID and/or no acknowledgment ◇ X = Pending, no accepted origination record
Note: Mainframe schools and third-party software vendors may develop reports similar to those available through EDExpress.		

If, after reviewing the DLSAS cash detail records and loan detail records, the school is able to resolve the remaining accounting discrepancies between the DLSAS and its Direct Loan and business office systems, the reconciliation has been successfully completed.

There are many possible reasons for apparent discrepancies between the school's internal systems and the DLSAS cash and loan detail records. Some examples include:

  ❖ timing of drawdowns,

  ❖ timing of booked loans,

  ❖ drawdowns allocated to the wrong academic year,

  ❖ drawdowns split between academic years,

  ❖ excess cash in the wrong year or disbursed to a student in a different academic year,

  ❖ unsent/unacknowledged disbursement batches,

  ❖ disbursements recorded in the school's business office system but not in its Direct Loan System,

  ❖ excess cash returned that should have been a payment,

  ❖ a payment sent that should have been excess cash,

  ❖ school data loss, and

  ❖ unbooked records.

In the reconciliation process, cash detail information should generally be compared directly to the school's internal business office records, such as bank statements and canceled checks. Cash reports may be run from the school's Direct Loan System, but the school should use its business office records as the final authority.

Remember that schools may be receiving DLSAS reports for up to three academic years each month. The concurrent reconciliation efforts may result in overlapping cash detail data, such as when a drawdown has been split between award years. Schools should ensure that there is good communication among the staff members responsible for reconciling the different academic years. These multiple-year reconciliation efforts will sometimes reveal global issues at the school that need to be resolved.

Loan Detail Exception Report

If a school is unable to reconcile its records, it has the option of creating a loan detail file and sending it to the LOC. The LOC will compare the school's detail file to LOC records and generate a Loan Detail Exception Report showing any differences between its records and those of the school. The school then uses the Exception Report to identify and resolve any reconciliation issues. Once the issues are resolved, the school should send an updated loan detail file to the LOC for further review. This process continues until the school records and LOC records are reconciled successfully.

The school should send the export file to the LOC in the following Message Class:

- ❖ DERC00IN—This message class will contain either **booked** or **unbooked** loan detail, as indicated by the school during the export process.

The exception reports will be returned in the following Message Classes:

- ❖ ED0100OP—Loan Detail Exception Report for **booked** loans.

- ❖ ED0200OP—Loan Detail Exception Report for **unbooked** loans.

The exception reports are sent to the school in Report Format, so that they can easily be printed. A sample Exception Report for unbooked loans appears on the next page.

Other important points to note:

- ❖ Loan Detail Exception Reports only compare disbursement detail records (either booked or unbooked) from the school's Direct Loan System to those at the LOC. The school's business office records will not be compared.

- ❖ The Loan Detail Exception Report does not update any fields on the school's Direct Loan System. It is only a report.

- ❖ Loan detail files containing booked data will be for one month only (for example, if the end date is 10/31/99, the exception file will only contain loan detail data that booked in October).

- ❖ Loan detail files for unbooked data will include all unbooked loans for the year, through the date of the export.

An example of a Loan Detail Exception for unbooked loans appears below.

```
DL HEADER 0079ED0200OP   G92516-LOCUNBOK19980906142335UB

Report Date: 10/06/1999     U. S. DEPARTMENT OF EDUCATION          Page:    1
Report Time: 02:22:55 PM      Federal Direct Loan Program
                 Loan Detail Exception Report for Unbooked Loans
                         End Date of 09/30/1999

THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT

School ID: G91234   School Name: ELECTRONIC UNIVERSITY
No. of Attempts This Month:  1  Direct Loan Year: 05  File Processed: Accepted

Loan ID      Transaction Disb Acty Seq  Booked   Gross     Fee     Net    Adj  Man
                 Date     No  Code  No   MMYY      Amt      Amt     Amt    Amt  Adj
-------------------------------------------------------------------------------
008661760 U 00 G91234 001
    SCHOOL  07/31/1999  1    D    1            $1167.00  $46.00  $1121.00
    LOC
    Difference       *   *    *    *            *         *         *

    SCHOOL  09/30/1999  2    D    1            $1167.00  $46.00  $1121.00
    LOC
    Difference       *   *    *    *            *         *         *

023588884 P 00 G91234 001
    SCHOOL  07/05/1999  1    D    1            $1000.00  $40.00  $960.00
    LOC
    Difference       *   *    *    *            *         *         *

    SCHOOL  09/05/1999  2    D    1            $1000.00  $40.00  $960.00
    LOC
    Difference       *   *    *    *            *         *         *



   * indicates a difference between the school data and the LOC.


DL TRAILER00790000062
```

Completing the Monthly Reconciliation

A school has completed its monthly reconciliation when:

❖ All differences between the DLSAS and the school's internal records (Direct Loan System and business office system) have been resolved or documented.

❖ Timing issues have been identified and will be tracked for reconciliation in the next month's DLSAS.

❖ Any necessary corrective actions have been taken to ensure that all the prior month's issues will reconcile in the following month.

❖ All reconciliation efforts have been documented for future reference and review.

Documenting monthly reconciliation efforts is strongly recommended and will be extremely useful to schools as a record that they have met their reconciliation requirement. The U.S. Department of Education (ED) does not regulate specific types of documentation for school reconciliation activities. However, monthly documentation shows that the school has made a good faith effort to reconcile its records to ED's records, according to program requirements. It also provides very useful reference materials for the end-of-year reconciliation and closeout for the academic year. The format of the documentation is not as important as what is documented.

In summary, monthly reconciliation and documentation allows schools to:

❖ stay on top of their outstanding issues every month, and

❖ keep historical records of issues for later review or to update new or returning staff members.

Year-End Closeout

Reconciliation also takes place on a yearly basis. This is called the year-end closeout. Closing out is the process of reconciling all school information at the LOC and of bringing all ending cash balances to $0.

In addition to resolving cash balance issues in a timely manner, careful monthly reconciliation also allows schools to complete their year-end closeout much more efficiently. The year-end process is similar to monthly reconciliation in that the school's main purpose is to match its internal records to those of the LOC. There are, however, two key differences—the year-end closeout involves the entire academic year rather than a single month, and there is a specific file used to present the information.

The year-end closeout process is complete when:

❖ the school and the LOC each show a cash balance of $0, indicating that the school has accounted for all Direct Loan funds received from ED, *and*

❖ all LOC transaction records match up to all school Direct Loan System transactions and business office system transactions, *and*

❖ all actual disbursement records are booked at the LOC, so that the DLSAS reflects a $0 unbooked balance.

For Your Information

In the future, schools will use the DLSAS as their year-end closeout tool, replacing the 732-LOS file.

A valuable tool to assist schools with the year-end closeout process is the 732-LOS file. This file provides ED's official ending cash balance for the school as of the date of the report, based on the LOC's records. The 732-LOS file is sent by the LOC to the school and comes as two text files—a summary file and a loan detail file.

The school should begin by importing the 732-LOS Summary file, which summarizes the total balances for cash receipts, returns of excess cash, booked disbursements, and unbooked disbursements. The school should then compare these totals to its own internal records. If the LOC and internal records show a balance of $0, then the school is considered to have successfully closed out the given program year. If the balances match but show a balance of anything other than $0, the school should determine what transactions need to be forwarded to or imported from the LOC to complete the closeout.

If the LOC's balance and the school's balance do not match, then the school should import the 732-LOS Detail file. This file provides loan and cash information at the loan level, allowing schools to review their own internal records in more detail to determine why the balances do not match. If cash transactions are not accounted for, the school should contact the LOC to determine if drawdowns or returns of excess cash were allocated to a different program year. If this is the case, the LOC (in the case of Standard Origination schools and Origination Option 1 schools) or the school through GAPS (in the case of Origination Option 2 schools) should reallocate the cash to the correct program year.

If the balance is not $0, then the school is responsible for reviewing and correcting its records. The LOC will work with the school until it reaches a $0 balance and is considered reconciled.