

# Session 6



## Direct Loans: Balancing the Books for 2003-2004 and Beyond

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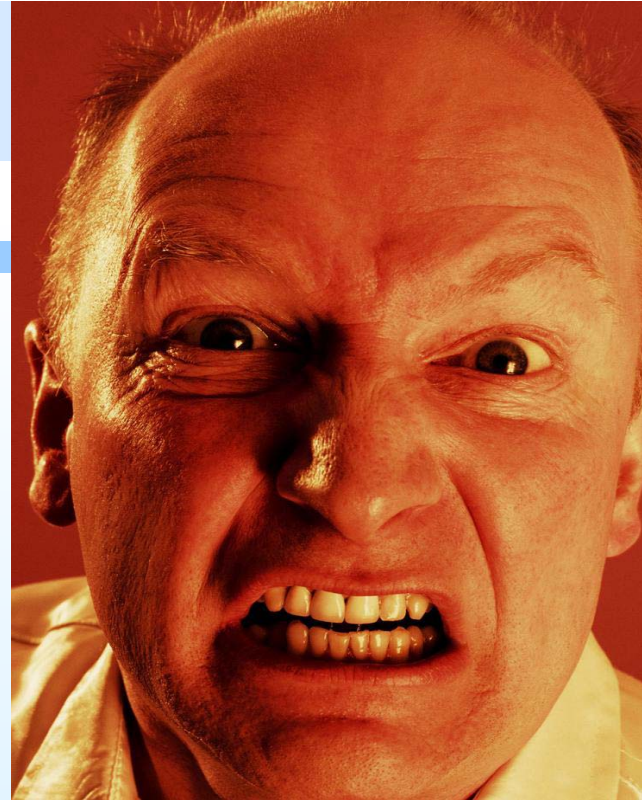
Isiah Dupree  
Wendy Jerreld

# Direct Loans and Direct Loans' Books for 2003: 2003 Book 1 for 2003-2004 and Beyond

# **Why is the Monthly Reconciliation Process and Program Year Closeout So Important?**



**These are our ultimate  
Customers**



**Picture of Student/Borrower  
receiving an incorrect bill  
from The Direct Loan  
Payment Center**

# Summary of the Various Areas that Affect Reconciliation

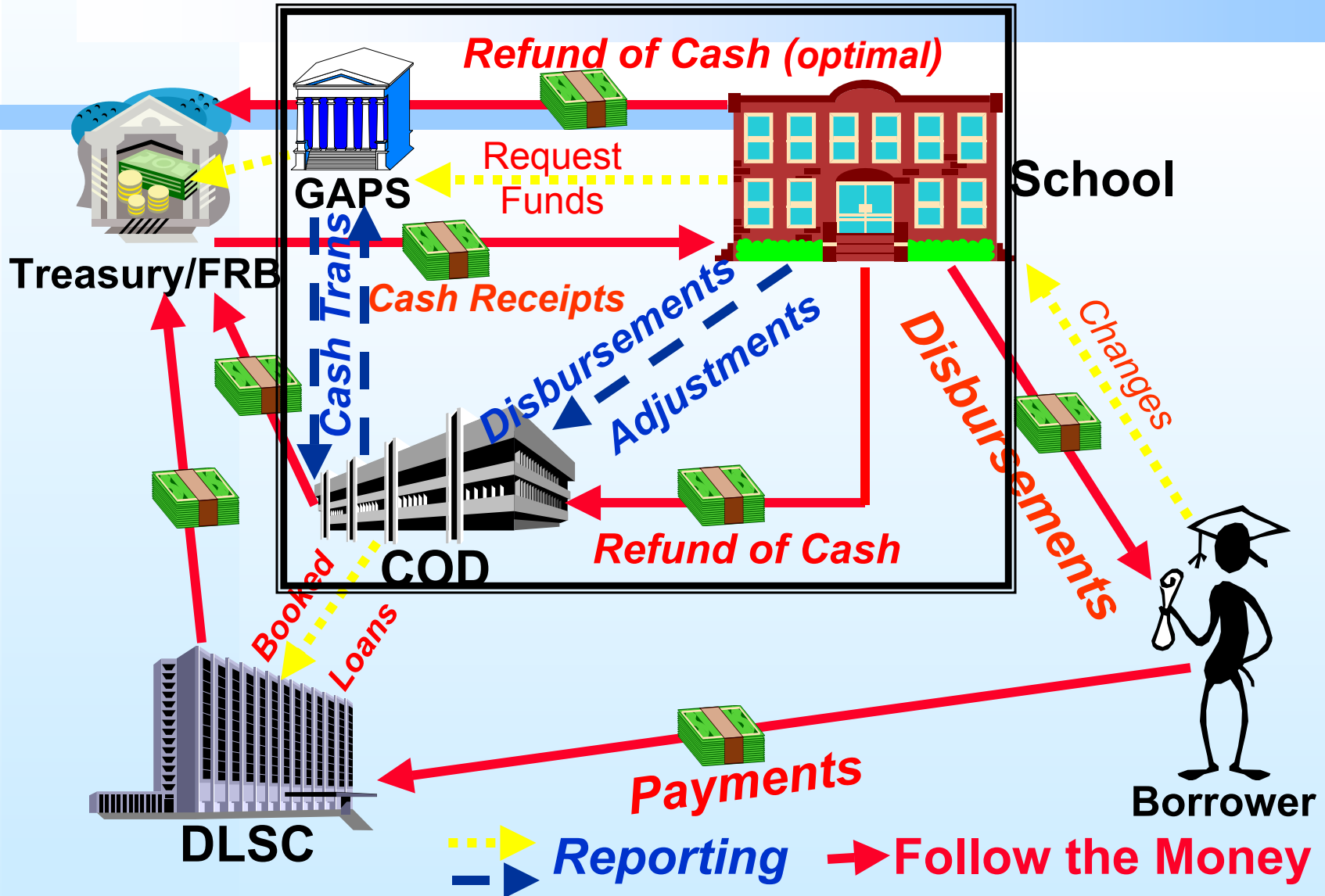
- ☐ Managing Cash
- ☐ Disbursements and Adjustments
- ☐ Booking a Loan
- ☐ Monitoring Your Process

# Managing Cash

To understand monthly reconciliation, we must first understand the cash management life cycle and our own daily processing....

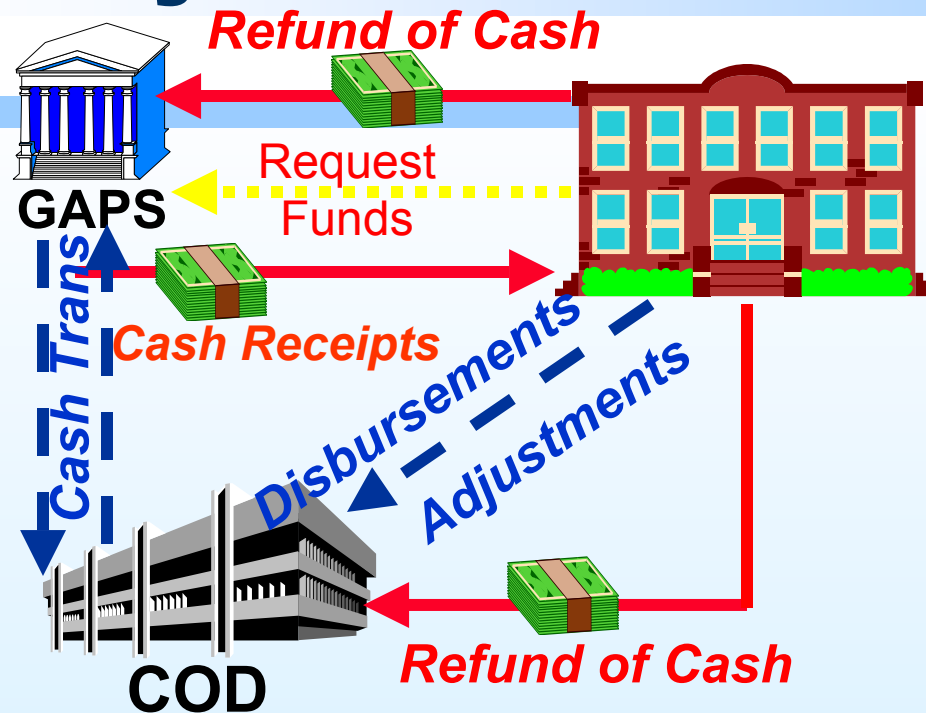


# Cash Management Life Cycle





# Cash Management Life Cycle



- Cash Receipts
- Disbursements
- Refunds of Cash
- Adjustments

# Managing Cash

## Cash Receipts

### ☐ Requesting Funds

- Advance Pay – <https://e-grants.ed.gov/gapsweb/>, or GAPS Hotline at 888-336-8930
- Pushed Cash – Based on actual disbursements

### ☐ Receiving Funds

- Direct deposit to school bank account

**For more information, review 34 CFR, 668.161-163**

# Managing Cash – Timely Disbursement of Funds

- ❑ Disbursing Funds
  - Substantially equal disbursements
  - 30 day delay for 1<sup>st</sup> time borrowers
  - Late Disbursements

**For more information, review 34 CFR, 668.164-165**

# Session

Show Me the Money: How to Get and Maintain Funding for Pell Grants, Campus-Based, and Direct Loans

# Managing Cash – Timely Disbursement of Funds

- ☐ Funds must be disbursed to borrowers within 3 business days.

**For more information, review 34 CFR, 668.164-165**

# Refunds of Cash

## Reasons

- Received more funds than disbursed
- Disbursement Adjustment to Borrower's Account

## Regulations – Returning or reusing funds

## Methods of Return

- Electronically through GAPS  
(<http://e-grants.ed.gov/gapsweb/>)
- Check – Mail to:  
COD School Relations Center  
Attn: Refunded Cash  
P.O. Box 9001  
Niagara Falls, NY 14302



**For more information, review 34 CFR, 668.166**

# Payment to Servicing

- ☐ Does not impact school's cash balance
- ☐ May be made by school or by borrower
- ☐ Should be sent to:

U S Department of Education  
Direct Loan Servicing Center  
ATTN: Payment Center  
P.O. Box 530260  
Atlanta, GA 30353-0260



Note: Please make sure you indicate clearly the student's name and loan ID number and that this is a PAYMENT, not an adjustment, to the student's loan.



# Reporting Disbursement & Adjustments

## ☐ Pushed Cash Schools

- Submission and acceptance of disbursement records is critical for Pushed Cash Schools because NO Accepted Disbursement Records = NO FUNDS!!!

**For more information, review 34 CFR, 668.164-165**

# Disbursement Adjustments

## ☐ Reasons

- Eligibility Changes
- Return at Borrower's Request

## ☐ Reporting Adjustments

- 30 days from date of Adjustment

## ☐ Returning or recycling funds

**For more information, review 34 CFR, 668.164-165**

# Reporting Disbursement & Adjustments

**❑ Downward Adjustments to Borrower's Accounts must be accompanied by:**

- Returning funds as a refund of cash
- Reusing/Recycling funds for another eligible borrower

# Booking a Loan

## ☐ Booked vs. Unbooked Disbursements

- Award, MPN, Disbursement = Booked
- Disbursements must book to transfer liability to the Department

# Computing Your ECB: The Direct Loan Cash Equation

$$\begin{array}{ccccc} \boxed{\text{Beginning Cash Balance}} & + & \boxed{\text{Cash Receipts}} & - & \boxed{\text{Refunds of Cash}} \\ & & & & \\ & & & & \\ & - & \boxed{\text{Booked Disbursements}} & - & \boxed{\text{Booked Adjustments}^*} & = & \boxed{\text{Ending Cash Balance}} \end{array}$$

\* Downward Adjustments are negative; upward adjustments are positive.

# Computing Your ECB: The Direct Loan Cash Equation

$$\begin{array}{|c|} \hline \text{Ending} \\ \text{Cash} \\ \text{Balance} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Unbooked} \\ \text{Disburse-} \\ \text{ments} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Unbooked} \\ \text{Adjust-} \\ \text{ments}^* \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Cash} > \\ \text{Accepted} \\ \text{\& Posted} \\ \text{Disbs} \\ \hline \end{array}$$

\* Downward Adjustments are negative; upward adjustments are positive.

# Monitoring Your Process

- ☐ Organize – Finish What You Start
- ☐ Monitor Your Cash Flow
- ☐ Use Your Reports
- ☐ Perform Internal Reconciliation



# Organize

## □ Finish What You Start

- Map your process and procedures
- Monitor your process
- Ensure all records have been sent to and accepted at COD
- Consider managing timing issues to finish what you start within the month

# Monitor Your Cash Flow

- ☐ Ensure cash receipts are posted to the correct year
- ☐ Verify requested funds have been received
- ☐ Comply with cash management timelines
- ☐ Ensure that all funds received are either disbursed or returned
- ☐ Verify correct addresses are used when returning funds

# Use Your Reports

- ☐ 30 Day Warning Report (COD)
- ☐ Booked Status Report (EDExpress or custom)

# Use Your Reports

- ☐ Pending Disbursement List  
(EDExpress: List - Edit-Only Disbursements)
- ☐ Funded Disbursement List  
(EDExpress: List - Actual Disbursements)

# Use Your Reports

- ❑ Actual Disbursements – Booked and Unbooked Report (DL Tools)
- ❑ Cash Summary Report (DL Tools – optional)
- ❑ Ledgers, Bank Statements, Cancelled Checks
- ❑ Other Internal School Reports

# Perform Internal Reconciliation

- ❑ Compare Business Office/Financial records to Direct Loan System
  - Develop procedures/schedule for internal reconciliation and assign responsibilities
  - Compare based on overall cash/disbursement totals and/or student detail
  - Troubleshoot discrepancies

# Monthly Reconciliation

## ☐ School Account Statement (SAS)

- Contains the Department's official ending cash balance for your school
- Meets regulatory requirements for monthly reconciliation file.
- Generated the first weekend of the month, with data through end of previous month
- The SAS comes out with a number of options already selected by default but schools can customize many of those.



# Monthly Reconciliation

- ❑ The School Account Statement and how schools should use this report is covered in Session 7, Direct Loans: Reconciliation, Putting the Pieces Together - A Case Study

# Program Year Closeout

- ❑ New Automated Process for Program Year Closeout
  - Balance Confirmation Screen
  - School Correspondence Screen
  - Funding Information Screen
  - School General Screen

# Balance Confirmation Screen

COD Online - Microsoft Internet Explorer

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Address http://63.106.6.225/cod/SchoolBalanceConfirmationPage Go Links

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U.S. DEPARTMENT OF EDUCATION  
COMMON ORIGATION & DISBURSEMENT

FSA  
FEDERAL STUDENT AID

Person School Batch Award Services User

School Search

School Information

- School Summary
- Financial Aid Contact
- Eligibility
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- Options
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- Summary Financial Info
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- Relationships
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- Request Post Deadline
- Processing
- Correspondence
- Report Selection

School Balance Confirmation

Program  Award Year

The main purpose of this screen is to allow you to submit your confirmation and to enter the School Ending Cash Balance and the End Date of the School Balance.

UNIVERSITY OF IRVINE - W

Current Program Year Close Data	
Today's Date	12/07/2006
Net Drawdowns/Payments	\$10,000.00
Total Net Booked Disbursements	\$2,955.00
Current Ending Cash Balance	\$7,045.00
Total Net Unbooked Disbursements	\$0.00
Latest Award End Date	06/02/2005

Days past the Latest Reported Award End Date: 553

Balance Confirmation Form	
Date	12/06/2006
School Name	UNIVERSITY OF IRVINE - W
Name of School Official	BRUCE LANG
Telephone Number	
E-Mail Address	WJERRELD@JUNO.COM
Last SAS Ending Cash Balance	\$7,045.00

Done Internet

Start

3:37 PM

# Balance Confirmation Screen

**COD Online - Microsoft Internet Explorer**

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<b>School Name</b>	UNIVERSITY OF IRVINE - W
<b>Name of School Official</b>	BRUCE LANG
<b>Telephone Number</b>	
<b>E-Mail Address</b>	WJERRELD@JUNO.COM
<b>Last SAS Ending Cash Balance</b>	\$7,045.00
<b>Last SAS Date</b>	11/30/2006
<b>School Ending Cash Balance</b>	<input type="text"/>
<b>End Date of School Balance</b>	<input type="text"/> <input type="text"/> <input type="text"/>

I am certifying that my school's internal cash balance is \$0 for the Award Year referenced above. This is in agreement with the Department's official ending cash balance reflected in my school's most recent SAS report. My school has no outstanding issues for this program year. I understand that by submitting this request I authorize the Department of Education to take the following actions for the Award Year listed above:

1. The Department will send a closeout letter to my school.
2. COD will stop processing or accepting any data without Department review and approval.
3. The Department will reduce our school's Cash Funding Level (CFL) to Total Net Cash (Cash Receipts - Refunded Cash).
4. The SAS and other reports for this award year will no longer be sent unless our balance changes.

I understand that these measures are being taken to protect my school from further changes to my Ending Cash Balance. If I should need to submit data for this year at a future time, I will contact the COD Customer Service Center at 1-800-848-0978.

To Submit this form, please click either button:

I Agree or I Disagree

**I AGREE** **I DISAGREE**

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Done Internet 3:38 PM

# Balance Confirmation Screen

## Current Year Program Closeout Data

- Provides the school's current financial details
  - This is updated every evening during the systems daily processing.

## ☐ Balance Confirmation Form

- Provides school contact information
- Provides COD's ending cash balance
- Allows users to agree or disagree to the balance

# Balance Confirmation Screen

- ❑ When to use the screen
  - Use it throughout the year during monthly reconciliation
  - Use it to confirm closeout
    - Must have received a Zero Balance Letter
    - For 02/03—If school has not been granted extended processing.
      - Print the screen and indicate at the bottom you agree to the balance and fax to Customer Service.
        - » 1-877-623-5082 attn: Reconciliation

# School Correspondence Screen

COD Online - Microsoft Internet Explorer

Address: http://63.106.6.225/cod/SchoolCorrespondence

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Person School Batch Award Services User Program

School Search

School Information

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- Cash Activity
- Events
- Memos
- Message List
- Yearly Totals
- Relationships
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- Request Post Deadline
- Processing
- Correspondence
- Report Selection

Post Deadline Proc

School Workflows

School Correspondence

UNIVERSITY OF IRVINE - W

Notification/Warning Letter							
Request Date/Time	Award Year	Requested By	Status	Number of Reprints	Last Reprint Date/Time	Re-Request	View
12/06/2006 13:08:59	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
12/06/2006 13:08:58	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
10/23/2006 10:31:43	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
10/23/2006 10:31:42	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
06/12/2006 16:31:46	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
06/12/2006 16:31:45	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>

Program Year Closeout Letter							
Request Date/Time	Award Year	Requested By	Status	Number of Reprints	Last Reprint Date/Time	Re-Request	View
12/08/2006 16:26:32	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
12/08/2006 16:26:31	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>

Remaining Balance Confirmation Letter

Done

Internet

4:29 PM



# School Correspondence Screen

COD Online - Microsoft Internet Explorer

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Address http://63.106.6.225/cod/SchoolCorrespondence

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16:31:45

Program Year Closeout Letter							
Request Date/Time	Award Year	Requested By	Status	Number of Reprints	Last Reprint Date/Time	Re-Request	View
12/08/2006 16:26:32	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
12/08/2006 16:26:31	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>

Remaining Balance Confirmation Letter							
Request Date/Time	Award Year	Requested By	Status	Number of Reprints	Last Reprint Date/Time	Re-Request	View
09/06/2006 11:42:07	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
07/06/2006 15:46:59	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>

Reopen Extended Processing DL Closeout Letter							
Request Date/Time	Award Year	Requested By	Status	Number of Reprints	Last Reprint Date/Time	Re-Request	View
08/12/2006 12:44:46	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
08/12/2006 12:44:45	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>

Zero Balance Confirmation Letter							
Request Date/Time	Award Year	Requested By	Status	Number of Reprints	Last Reprint Date/Time	Re-Request	View
12/06/2006 13:08:53	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>
11/06/2006 11:51:04	'04-'05	DLCLOSE	PRNT	0		<input type="checkbox"/>	<input type="radio"/>

REQUEST AGAIN VIEW LETTER

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Done Internet 4:29 PM



# School Correspondence


COD Online - Microsoft Internet Explorer


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**COMMON ORIENTATION & DISBURSEMENT**



Person School Batch Award Services User Program

**School Search**

School Information  
School Summary  
Financial Aid Contact  
Eligibility  
General  
Options  
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Refunds of Cash  
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Request Post Deadline  
Processing  
Correspondence  
Report Selection

Post Deadline Proc

School Workflows

School Correspondence Letter

**UNIVERSITY OF IRVINE - W**

**Remaining Balance Confirmation Letter**

BRUCE LANG  
UNIVERSITY OF IRVINE - W  
450 BRUCE RD  
BAMA AL 12345  
G01730

DEAR FINANCIAL AID DIRECTOR:

THE DIRECT LOAN CLOSEOUT DATE FOR THE 2004-2005 PROGRAM YEAR IS DECEMBER 31, 2006 . AS A REMINDER, CERTAIN TITLE IV REQUIREMENTS SUPERCEDE PROGRAM YEAR CLOSEOUT DEADLINES. THESE REQUIREMENTS INCLUDE, BUT ARE NOT LIMITED TO, MANAGING ALL TITLE IV FUNDS WITHIN CURRENT CASH MANAGEMENT REGULATIONS, AND THE REPORTING OF ALL LOAN ORIENTATION RECORDS, PROMISSORY NOTES, AND DISBURSEMENT RECORDS WITHIN 30 DAYS OF THE ACTUAL DISBURSEMENT. SCHOOLS MUST NOT WAIT UNTIL THE CLOSEOUT DEADLINE TO RESOLVE OUTSTANDING REPORTING ISSUES AND CASH BALANCES. MOST SCHOOLS SHOULD ACHIEVE A \$0 BALANCE BEFORE THE PROGRAM YEAR CLOSEOUT DATE. THIS WILL ALLOW SCHOOLS TO FOCUS ON 2005-2006 PROCESSING AND TO DELIVER BETTER CUSTOMER SERVICE TO THEIR STUDENTS.

TO ASSIST YOUR SCHOOL, WE HAVE INCLUDED INFORMATION FROM THE COD SYSTEM. AS OF 08/31/2006 , OUR RECORDS INDICATE THAT YOUR SCHOOL'S BALANCE FOR THE 2004-2005 AWARD YEAR IS:

TOTAL NET DRAWDOWNS/PAYMENTS: \$10,000.00

TOTAL NET BOOKED DISBURSEMENTS: \$2,955.00

ENDING CASH BALANCE: \$7,045.00

Done

Start

Internet 4:30 PM

# School Correspondence

## □ Closeout Correspondence

- Remaining Balance Letter
  - Email sent to Financial Aid Administrator
- Zero Balance Letter
  - Email sent to Financial Aid Administrator
- Notification Warning letter
  - Paper Letter sent to the President and Financial Aid Administrator
- Program Year Closeout Letter
  - Paper Letter sent to the President and Financial Aid Administrator

# School Correspondence

- ❑ Other Closeout Letters that schools may receive
  - Negative Balance Letter
    - Generated for schools who have not confirmed closeout and the award year is closed and the school has a negative balance.
  - Change to Zero Balance Letter
    - Generated when the school make an invalid attempt to confirm closeout or the school's ending cash balance has changed after they confirm closeout

# Funding Information Screen

COD Online - Microsoft Internet Explorer

Address: http://63.106.6.225/cod/SchoolFundingInfoViewPage

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Person School Batch Award Services User

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School Funding Information

UNIVERSITY OF IRVINE - W

Funding Information

Program: DIRECT LOAN Award Year: '04-'05

Entity ID	10010730
Initial CFL	\$2,956.00
Current CFL	\$2,956.00
Previous CFL	\$0.00
CFL Adjustment	\$2,956.00
Last CFL Change Date & Time	06/05/2006 16:19:07
Available Balance	(\$7,044.00)
Cash > Net Accepted & Posted Disbursements	\$7,045.00
Net Accepted & Posted Disbursements	\$2,955.00
Net Drawdowns	\$10,000.00
Date School Confirmed Program Year Closeout	
Date Department of Ed Confirmed Program Year Closeout	

Dec 08 2006 16:43 EST

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Internet 4:43 PM



# Funding Information Screen

- ❑ Two new fields for Program Year Closeout
  - Date School Confirmed Program Year Closeout
  - Date Department of Ed Confirmed Program Year Closeout
- ❑ For 02/03
  - Only the Date Department of Ed Confirmed Program Year Closeout will be populated due to current manual process

# School General Screen

The screenshot shows a web browser window titled "COD Online - Microsoft Internet Explorer". The address bar displays "http://63.106.6.225/cod/SchoolGenInfoViewPage". The browser's menu bar includes File, Edit, View, Favorites, Tools, and Help. The toolbar contains buttons for Back, Forward, Stop, Home, Search, Favorites, Media, Print, and others. The address bar also shows a search bar and a "Go" button. The main content area displays the "U.S. DEPARTMENT OF EDUCATION COMMON ORIGATION & DISBURSEMENT" header with the FSA logo. Below the header is a navigation bar with tabs: Person, School, Batch, Award, Services, User, and Program. The "School" tab is selected. The main content area is titled "School General Information" and includes a "HELP" link. On the left side, there is a "School Search" section with a list of links: School Information, School Summary, Financial Aid Contact, Eligibility, General, Options, Funding Info, Summary Financial Info, Refunds of Cash, Cash Activity, Events, Memos, Message List, Yearly Totals, Relationships, Balance Confirmation, Request Post Deadline, Processing, Correspondence, and Report Selection. The "School Information" section is expanded, showing "UNIVERSITY OF IRVINE - S1". Below this, there are two dropdown menus: "Program" set to "DIRECT LOAN" and "Award Year" set to "'03-'04". The "Eligibility Information" section is expanded, showing "Eligibility Override". The "Funding Information" section is expanded, showing a table with the following data:

Funding Information	
Extended Processing Status	Authorized
Extended Processing Begin Date	01/01/1999
Extended Processing Expiration Date	12/30/2006
Extended Processing Action Date	01/01/1999
Extended Processing Reason	Other
Call For Cash	
Freeze Cash	
QA Attribute	

The "Program Relations Information" section is expanded, showing a table with the following data:

Program Relations Information	
Reporting School ID:	10010727
Funding School ID:	10010727
Servicer:	
Mailbox ID:	TG72727

The browser's status bar at the bottom shows the Start button, a taskbar with various application icons, and the system clock displaying "5:18 PM".

# School General Screen

## ❑ Extended Processing

- View the begin and end dates of the extended processing that has been granted by FSA.
- View the reason the school asked for extended processing.
  - Schools with COD system issues have a reason of Other.

# What Happens After School is Closed?

- ☐ Closeout Letter is Generated
- ☐ Reports are shut off
- ☐ CFL will be reduced to Net Drawdowns/Payments



# What Happens After School is Closed?

- ☐ COD will no longer accept any batches from the school
- ☐ The web will no longer allow a user to create/update information.

# Program Year 2002/2003 Close Out

- ❑ Number of Schools Closed – 730
- ❑ Number of Schools Not Closed – 475
- ❑ Number of School on Extended Processing - 37

# Additional Information

- ❑ Session 7, Direct Loans: Reconciliation, Putting the Pieces Together - A Case Study
  - Day 2, 10:45 am -12:00 Noon
  - Day 3, 1:45 pm – 3:00 pm
  - Day 4, 1:15 pm – 2:30 pm
- ❑ PC Lab
  - COD Customer Service
  - Direct Loan Operations

# Questions ????