Session 9

Direct Loan Reconciliation and Closeout - Best Practices

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Establish Institutional Policies and Procedures

- How and when are other offices (Student Accounting, Business Office and Contracts and Grants) notified of disbursements & change records

- Who is responsible for reviewing and processing the 30 Day Warning List

- Who gets a copy of the monthly SAS report

Customer Service Rep.

- Establish a working relationship with your CSR

- Fax problems to the CSR for review and assistance with resolving problems

- Retain ticket number for future reference

- Strive to keep the same CSR during closeout so that pending issues can be resolved timely

Reconcile Monthly

- Treat the funds as if they are your personal funds, your checking account—checks and balances are important

- Each month review the SAS Report

- Extract a report through Access to Identify disbursement discrepancies

Reconcile Monthly (Cont.)

- Review 30 day Warning List
- Prepare Manifest Daily

30 Day Warning List

- Review Data Needed

- Obtain MPN's or Submit disbursement records

- Highlight resolved students

- Due to timing a student may continue to appear on list, COD is contacted for resolved students

30 Day Warning List (DIWR04OP)

REPORT ID: U.S. DEPARTMENT OF EDUCATION   PAGE 1 OF 16

RUN DATE: 03/06/2004   FEDERAL DIRECT LOAN PROGRAM   RUN TIME: 04:19PM

30 DAY WARNING REPORT

AWARD YEAR: 2003-2004

FOR THE PERIOD ENDING 02/29/2004

* THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT *

SCHOOL NAME: NORTH CAROLINA CENTRAL UNIVERSITY SCHOOL CODE: G02950

ADDRESS: 1801 FAYETTEVILLE STREET

   DURHAM, NC 27707-3198

Loans Pending Booking Section:

LOAN TYPE	LOAN ID	BORR	NAME	DATE RCV'D	DATA NEEDED LOAN PROM	DISB

10

MPN – Go Electronic

- It is quick, fast, and easy to allow students and parents to complete MPNS electronically

- Reduces processing time

- Eliminates paper

- Encourage users to complete all steps

- MPN can be completed without an origination

SAS Year-To-Date Cash Summary

- Import through Direct Loan Tools Software (DSDF04OP.DAT)

- Hard copies are distributed to the Student Accounting,Contracts and Grants, and Director of Financial Aid

- Compare Cash Receipts with Total Disbursements for Excess Cash

Institutional Controls

- Place holds on accounts for students with missing promissory notes

- Cancel originated loans without mpns and loan entrances – 30 days after 1st day of classes

- Notify students immediately when prom notes are rejected by COD

Overall Objective

CASH ON HAND (DRAWDOWNS)

=

TOTAL BOOKED DISBURSEMENTS

TIPS FOR A SUCCESSFUL CLOSE OUT

- Close out begins on July 1st

- Reconcile monthly

- Clean up 30 day warning list

- Identify problem records

- Request status reports

- Review Close Out letter

- Return Excess Cash

For additional information:

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**Barbara Nolan
University of New Mexico**

- **Background Information**
  - Four-Year Public University
  - Five Campuses
  - 35,000 Students
  - $60 Million In Direct Lending
  - In-House developed applications on mainframe architecture

Reconciliation Reports

- Compare data from COD against UNM database

- Report Loan Amount Discrepancies

- Report Outstanding Disbursements

- Reporting Outstanding P-Notes

- **UNM's COD Challenges**
  - Change Records Not All Accepted
  - Disbursements Down to Zero
  - P-Notes of Active Bankruptcy

DIRECT LOAN RECONCILIATION/ BEST PRACTICES

How to Manage Reconciliation

Lucy R. Scalici

Office of the University Controller

Student Financial Aid Operations

CUNY's Experience

- CUNY has 400,000 + students
- 19 campuses
- Disburses aid on a weekly basis
- Utilizes a team effort approach with key players (Financial Aid Officers, Business Managers, Bursars, COD, GAPS and Staff from Accounting, Cash Management and Student Financial Aid Operations within the Office of the University Controller)

CUNY's Experience

- Maintains a relationship with each office
- Reports all discrepancies to COD & GAPS when they happen (Keep in mind they need you to be vocal)

Checklist

- Obtain COD ID (update capabilities)
- Obtain GAPS ID (view access)
- Perform your Data Matches
- Keep a spreadsheet updating all disbursements, adjustments, rejections, and drawdown actions as they occur
- Work closely with your COD Reconciliation Representative
- Schedule reviews and activities to meet the July 31 closeout deadline

Summary

- Balance your funds

- Resolve any discrepancies (you must review data matches, GAPS confirmations, COD files, & close-out letters)

- Review all batch activities

- Compare, compare, compare!

What to Look For

- Timing Issues
- Direct Loan disbursements/adjustments/ rejections
- Un-booked loan records
- Unsent Transactions
- Cash Issues (transactions posted & refunds of cash posted to the wrong year)

How CUNY Processes to COD

- Creates a weekly file of disbursements and adjustments
- Transmits the file to COD electronically
- Creates reports of rejected records/disbursements/adjustments
- Compares rejections to COD Batch Report
- Investigates all discrepancies

How to Drawdown/Request Direct Loan Funds

- Confirm accepted records, disbursements, and adjustments

- Request funds that equal accepted and posted disbursements

- CUNY maintains a spreadsheet of all of this pertinent information

CUNY Spreadsheet

Microsoft Excel - Direct Loan Reconciliation Spread Sheet FY04 Cash .xls

File Edit View Insert Format Tools Data Window Help

Arial   8   B I U

D3   =   SF300 YTD

	A	C	D	E	F	G	H	I
3	Cycle	SF300 Current	SF300 YTD	Drawdown	Excess Cash	Amount Returned	Modified Total/Cash on Hand	COD Acknowledgement Batch
4	010	$ 481,571.00	$ 481,571.00	$ 481,571.00	$ -	$ -	$ 481,571.00	2003-06-23T21:34:17.9903047252
5	020	$ 803,942.00	$ 1,285,020.00	$ 803,942.00	$ 493.00	$ 493.00	$ 1,285,020.00	2003-07-02T20:28:01.9903047252
6	030	$ 1,463,771.00	$ 2,747,899.00	$ 1,463,771.00	$ 892.00	$ 892.00	$ 2,747,899.00	2003-07-16T21:02:35.9903047252
7	040	$ 1,084,202.00	$ 3,808,450.00	$ 1,084,202.00	$ 23,651.00	$ 23,651.00	$ 3,808,450.00	2003-07-30T22:48:27.9903047252
8	050	$ 672,409.00	$ 4,472,774.00	$ 672,409.00	$ 8,085.00	$ 8,085.00	$ 4,472,774.00	2003-08-13T21:13:33.9903047252
9	060	$ 207,107.00	$ 4,662,912.00	$ 207,107.00	$ 16,969.00	$ 16,969.00	$ 4,662,912.00	2003-08-21T00:30:33.9903047252
10	070	$ 65,996.00	$ 4,720,797.00	$ 65,996.00	$ 8,111.00	$ 8,111.00	$ 4,720,797.00	2003-08-28T04:23:06.9903047252
11	080	$ 6,379,929.00	$ 11,088,512.00	$ 6,379,929.00	$ 12,214.00	$ 12,214.00	$ 11,088,512.00	2003-09-08T09:39:30.9903047252
12	090	$ 8,698,040.00	$ 19,774,427.00	$ 8,698,040.00	$ 12,125.00	$ 12,125.00	$ 19,774,427.00	2003-09-10T22:58:21.9903047252
13	100	$ 2,803,458.00	$ 22,509,712.00	$ 2,803,458.00	$ 68,173.00	$ 68,173.00	$ 22,509,712.00	2003-09-18T09:31:06.9903047252
14	110	$ 8,238,795.00	$ 30,685,887.00	$ 8,238,795.00	$ 62,620.00	$ 62,620.00	$ 30,685,887.00	2003-09-24T22:39:09.9903047252
15	120	$ 9,952,551.00	$ 40,625,203.00	$ 9,952,551.00	$ 13,235.00	$ 13,235.00	$ 40,625,203.00	2003-10-01T22:19:09.9903047252
16	130	$ 1,931,609.00	$ 42,497,564.00	$ 1,931,609.00	$ 59,248.00	$ 59,248.00	$ 42,497,564.00	2003-10-08T23:18:49.9903047252
17	140	$ 4,545,635.00	$ 46,981,286.00	$ 4,545,635.00	$ 61,913.00	$ 61,913.00	$ 46,981,286.00	2003-10-15T21:45:43.9903047252
18	150	$ 2,559,339.00	$ 49,401,691.00	$ 2,559,339.00	$ 138,934.00	$ 138,934.00	$ 49,401,691.00	2003-10-22T20:57:29.9903047252
19	160	$ 4,953,239.00	$ 54,223,041.00	$ 4,953,239.00	$ 131,889.00	$ 131,889.00	$ 54,223,041.00	2003-10-29T23:00:06.9903047252
20	170	$ 1,043,785.00	$ 55,219,235.00	$ 1,043,785.00	$ 47,591.00	$ 47,591.00	$ 55,219,235.00	2003-11-06T00:59:52.9903047252
21	180	$ 1,939,772.00	$ 57,049,045.00	$ 1,939,772.00	$ 109,962.00	$ 109,962.00	$ 57,049,045.00	2003-11-12T22:37:59.9903047252
22	190	$ 1,948,486.00	$ 58,951,657.00	$ 1,948,486.00	$ 45,874.00	$ 45,874.00	$ 58,951,657.00	2003-11-20T10:54:51.9903047252
23	200	$ 2,091,433.00	$ 60,917,769.00	$ 2,091,433.00	$ 125,321.00	$ 125,321.00	$ 60,917,769.00	2003-12-04T10:00:36.9903047252
24	210	$ 1,647,654.00	$ 62,472,674.00	$ 1,647,654.00	$ 92,749.00	$ 92,749.00	$ 62,472,674.00	2003-12-15T21:11:46.9903047252
25	220	$ 488,155.00	$ 62,884,036.00	$ 488,155.00	$ 76,793.00	$ 76,793.00	$ 62,884,036.00	2003-12-29T21:11:38.9903047252
26	230	$ 799,161.00	$ 63,657,594.00	$ 799,161.00	$ 25,603.00	$ 25,603.00	$ 63,657,594.00	2004-01-07T22:12:55.9903047252
27	240	$ 524,138.00	$ 64,109,096.00	$ 524,138.00	$ 72,636.00	$ 72,636.00	$ 64,109,096.00	2004-01-21T22:27:46.9903047252

Drawdown \ CUNY \ Grad \ NYC Tech \ City \ Hunter \ Bklyn \ Queens

Ready   Sum=1285113020   NUM

Checklist

COD Side

1. Ensure that Report selections are set accurately on the COD Report Options Menu

2. Ensure that reports are coming in and routed to the appropriate person

School Side

1. Develop an independent reconciliation spreadsheet

2. Verify that COD and GAPS are updated

3. Double check that COD has transmitted all of your school's information to GAPS and vice versa

Contacts

- COD has assigned a Reconciliation Representative to each campus

- Know your COD Reconciliation Representative

- Work with your COD Reconciliation Representative to resolve issues and discrepancies

Timing Issues

- Timing of processing transactions can result in a discrepancy in ending cash balances and loan detail

- Lag time of data match files from COD may omit current disbursements/adjustments

- Resolve all discrepancies

Review Close-out Letters

- The letters will be sent following the closing of the books for Direct Loan, the first week of each month until the award year is officially closed

- The Close-out Letter will be sent to the College/University Financial Aid Director (information will include: Total Net Drawdown/Payments, Total Net Booked Disbursements, Ending Cash Balance, and Total Net Unbooked Disbursements)

GOOD LUCK & THANK YOU