

PROCEDURE OF RECONCILIATION BETWEEN THE FINANCIAL AID OFFICE & FINANCE OFFICE

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Purpose

The Finance office has established rules and procedures following the federal regulation under 34 CFR Part 668 Subpart L, to ensure:

- (1) Safeguard FSA Funds,
- (2) Ensure FSA funds are used only for the purposed intended,
- (3) Act on the student's behalf to repay a student's FSA education loan debt when the school is unable to pay a credit balance directly to the student, and
- (4) Return to the US Department of Education any FSA funds that cannot be used as intended.

Segregation of Duties

- (1) The Finance Director has define responsibilities of key individuals and offices in this office to ensure the segregation of duties between them;
- (2) Monthly will document the reconciliation procedures between this office and the financial aid office;
- (3) Has built monthly meetings between the finance office, bursars office, financial aid office, and the IT Department's technical officer;

- (4) The Accountant of Federal Funds is responsible to compare the student accounts and /bursar records with financial aid office records and resolve any discrepancies, after each student's payroll;
- balance all subsidiary accounts to the general ledger;
 - ensure that all drawdowns and refunds of cash are accounted for and applied to the correct program year;
- (5) The Financial Aid office is responsible to ensure that all batches have been sent to and accepted by the COD system, all disbursements and adjustments are accurately reflected on the COD system, and all responses are imported into the school's system;
- ensure that all un-booked loans are booked or inactivated (reduced to \$0) for Direct Loans and TEACH;
 - resolve all outstanding rejected records;
- (6) The Finance Director is responsible to return all refunds of cash via G5; and request any remaining funds owed to the school based on actual disbursements accepted by the COD System (Pell, DL, TEACH) or reported as expenditures on the FISAP (Campus Based Programs).

Internal Reconciliation

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- (1) To eliminate any discrepancies between the financial aid and finance offices, both offices will have monthly meetings to reconcile each Title IV program and compare the reports produced through COD system with the accounting's subsidiaries.
 - a. The Finance office will confirm of actual disbursements posted to student accounts are consistent with financial aid office records of student award and amount of funds that will draw down from G5 to cover the funds disbursed to students.
 - b. Following the “*Procedure for Processing Disbursements to Students*” the Finance office will send an email with the total amount of students and funds posted by payroll.
 - i. Has to resolve differences between the financial aid payroll and the pre-transmittal report (before the posting of the payroll).
 - ii. Will segregate the payroll for initial payments from adjustments or cancellations of payments.
 1. It will eliminate returns of cash due to withdrawals performed by the financial aid office are not applied by the finance office; or adjustments made by the finance office are not noted in the financial aid office.

(2) Federal Pell Grant

- a. The Bursars and Financial Aid offices will compare the records of Pell awards made in the financial aid module to the authorize awards on the student's account receivable;
- b. The individual and program records of all adjustments made during each month; and
- c. The record of Pell grants disbursed to students in COD to the student's accounts paid.
- d. At the end of each month, the financial aid will require the "Pell grant school account statement (SAS)" and "SAS disbursement detail on detail" from the COD system.
 - i. With the above reports, will reconcile the financial aid records and will notify the Finance office of any discrepancy.
- e. The Financial Aid office will provide the "Cash Activity screen" from COD system to the Finance office to support their internal monthly reconciliation.

(3) Federal SEOG and Federal Work Study Programs

- a. The Accountant for federal funds is responsible to monthly reconcile the amount of students and amount paid included in the financial aid payroll with the posting to the student's ledgers.
 - i. Will notify to the Finance Director any discrepancy between the both processes.
 - ii. Will notify the total amount of funds to drawdown to the Finance Director, who is responsible to request the funds through G-5.

(4) Federal Direct loans

- a. The Financial Aid office will incorporate the US Department of Education “DL Tools” in their monthly reconciliation:
 - i. SAS cash summary
 - ii. SAS cash detail
 - iii. SAS loan and disbursement detail
 - iv. Internal ending cash balance report
 - v. Cash detail comparison
 - vi. Loan detail comparison
 - vii. Disbursement detail comparison
 - viii. Disbursement measurement tool
- b. For the first payroll of each academic term, the financial aid officer responsible to process the loans payrolls, will established current anticipated disbursement dated in the institution’s system to ensure that will be the same date to be paid and the date reported on COD system.
- c. For the subsequent loans payrolls:
 - i. The financial aid Officer will use the Disbursement Code Dale Tool (DCTL) screen at Colleague to update anticipated disbursement dates loan period dates, and academic year dates on student awards to match the anticipated dates on award disbursement codes that have been set up on the award disbursement code maintenance (ADCM) form.

1. Access the DCTL form and enter the year to process in the “Academic Year” field.
 2. In the update field, enter “Yes” if it needs to update disbursement dates.
 3. In the award disbursement codes fields, enter the award disbursement code they need to use to update student award dates.
 4. In the “Input Saved List Name” field, enter the name of a saved list to use to select students for the payroll to be paid.
- d. Every 28th of each month, the Financial Aid office will compare the SAS loan/disbursement detail with the financial aid payrolls processed during the month.
- i. If it has any discrepancy, will send an email to the Director of Finance and will include the student’s information (name, student’s number, amount paid and date of the payroll).
 - ii. If necessary, a payroll for adjustments or cancellations would be processed for those cases where their disbursement was rejected in COD system.
 1. The Finance office will adjust or cancel the student’s disbursement in their ledger, and will return the proper funds through G-5 system.

Effectiveness Monday, July 1st, 2019