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# Title IV Aid Disbursement Reporting, Excess Cash, and Reconciliation Requirements

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In this announcement, we remind schools of the general disbursement reporting, excess cash, and reconciliation requirements for all *Title IV* programs. Because these requirements apply to disbursement **and** financial data, both the Financial Aid Office and Business Office should review the information provided below.

## Disbursement Reporting Requirements

The disbursement and disbursement adjustment reporting requirements for all *Title IV* aid are announced in an annual Federal Register Notice. The most recent Federal Register Notice, published on [July 14, 2020](#), specifies that a school must submit disbursement records no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement.

## Excess Cash Requirements

The Department of Education (the Department) considers excess cash to be any amount of *Title IV* funds (other than Federal Perkins Loan Program funds) that a school does not disburse to students or parents by the end of the third business day after the date the school (1) received the funds from the Department, or (2) deposited or transferred to its federal account previously disbursed *Title IV* funds received from the Department. In limited circumstances, cash may be held for up to 7 calendar days. A school must meet the excess cash tolerance (not to exceed one percent of the funds drawn down by the school in the prior award year) and must be able to disburse the aid to students within the 7-day period. In no circumstance should cash balances remain beyond the 7 days.

See 34 CFR 668.162 for the federal regulations that govern requesting funds for the *Title IV* programs and 34 CFR 668.166 for the excess cash regulations.

## Reconciliation

Reconciliation is the process by which a school reviews and compares *Title IV* aid (grants, loans, and campus-based aid) recorded on the Department's systems (COD System/G5) with the information in the school's internal records. Schools should reconcile both internally (between Business Office and Financial Aid Office data) and externally (between school data and the COD System/G5). Through reconciliation, disbursement and cash discrepancies are identified and resolved in a timely manner to ensure the school meets all regulatory requirements. Schools must document their reconciliation efforts and retain this documentation for auditing purposes.

If completed on a regular basis, reconciliation can assist schools in determining whether the disbursement reporting requirements and excess cash deadlines noted above are being met, and also whether any additional data needs to be submitted to ensure all school data is reflected correctly in the Department's systems. For the Direct Loan and Campus-Based programs (including Federal Perkins Loan, Federal Work-Study, and Federal Supplemental Educational Opportunity Grant), schools must reconcile at least monthly to meet regulatory requirements. For all other *Title IV* programs (including Pell Grant, Iraq and Afghanistan Service Grant, and TEACH Grant) it is recommended that schools also reconcile at least monthly or as frequently as necessary to identify issues and maintain compliance with the cash management and disbursement reporting requirements outlined above.

Additional information on reconciliation can be found in the following publications posted on the [IFAP website](#):

- Electronic Announcements (published annually by program)
- Federal Student Aid Handbook
- Federal Student Aid Training Conference Presentations

## **Final Reconciliation**

If a school is meeting all disbursement/adjustment reporting, excess cash, and reconciliation requirements, a final reconciliation should begin no later than the last award or payment period end date at the school for a given program and year. A school should be able to reconcile to a zero cash balance soon after its final disbursements and should not carry a cash balance (positive or negative) for an extended period. **Note:** Schools must reconcile to both zero Ending Cash Balance and zero Total Net Unbooked for DL and TEACH Grant; and to zero Cash > Net Accepted & Posted Disbursements for Pell Grant.

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When schools have completed their final reconciliation, they can officially confirm closeout via the School Balance Confirmation page on the COD website for the Direct Loan, Pell Grant, and TEACH Grant programs. Balance confirmation will allow schools to receive a Program Year Closeout Letter to document completion of final reconciliation. It also provides tighter controls over available funding and data submission so that the school can then focus on processing and reconciliation in more current award years. **Note:** The balance confirmation process is available for all award years for Direct Loans; it is available for Pell Grant and TEACH Grant for the 2016-17 Award Year and forward.

#### **Contact Information**

For disbursement reporting, excess cash, or reconciliation and processing questions, contact the COD School Relations Center at 1-800-848-0978. You may also email [CODSupport@ed.gov](mailto:CODSupport@ed.gov).

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