

Chapter 5

Accounting Procedures for Title IV Programs

Summary

Accounting is an extremely important responsibility of institutions participating in Title IV programs. This chapter deals primarily with recommended accounting procedures for institutions. The aim is to help schools identify any areas of difficulty and potential weaknesses in their fiscal management systems. At the same time, schools can identify those areas that are being managed properly and ensure that proper accounting and bookkeeping procedures are performed.

This chapter is a general guide; it is not intended to replace accounting standards established by the American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), or the concept of generally accepted accounting principles (GAAP).



Key Terms

account number	expense account
account payable	fund accounting
account receivable	general ledger
asset account	income account
capital account	internal control system
capital reduction account	journal entry
chart of accounts	ledger account
checks and balances	liability account
clear audit trail	Loan Origination Center (LOC)
credit	program balance
debit	reconciliation
Direct Loan Servicing Center (DLSC)	restricted funds
Direct Loan School Account Statement (DLSAS)	revenue account
electronic data processing (EDP)	separation of functions
	trial balance

5.1 Institutional Financial Management Systems

An institution's financial management system must provide effective control over and accountability for all funds received from the U.S. Department of Education's Grant Administration and Payment System (GAPS). At a minimum, the institution's system must provide:

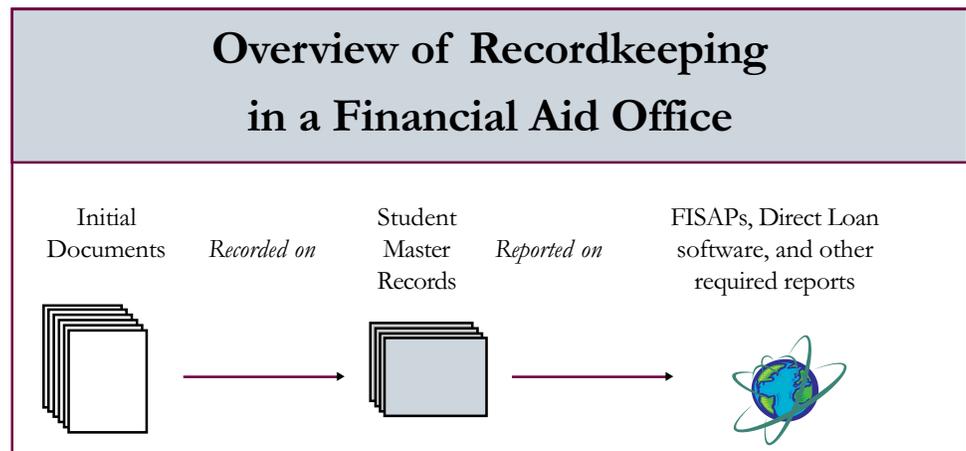
- accurate, current, and complete disclosure of the financial status of each program or project sponsored by the U.S. Department of Education (ED);
- records that adequately identify the source and application of funds for sponsored activities and contain information on institutional awards, authorizations, obligations, unobligated balances, assets, income, liabilities, revenues, expenditures, and cash disbursements;
- effective control over and accountability for all funds, property, and other assets, including adequate safeguarding of all such assets and ensuring that they are used solely for authorized purposes;
- comparison of actual expenditure amounts with amounts budgeted for each Title IV program;
- whenever funds are advanced through GAPS, procedures to minimize the time between the transfer of funds from the U.S. Treasury and cash disbursement by the institution for making disbursements to students as soon as administratively feasible, but no later than three business days following the dates the institution receives the funds;
- procedures in accordance with the applicable terms of the Title IV program for determining reasonableness, allowability, and allocability of costs;
- accounting records that are supported by audit trail documentation; and
- examinations in the form of external or internal audits, which must be made in accordance with generally accepted auditing standards and government auditing standards.

5.2 Bookkeeping and Recordkeeping

An effective institutional financial aid program requires a cooperative effort among all school offices involved in delivering financial aid to students. Separate reporting and record-keeping responsibilities required of each office are described in Chapter 2.

The business office is responsible for all financially oriented accounting and recordkeeping, except for some detailed records and files on individual students that must be kept in the financial aid office. The remainder of this chapter is designed to help the business office satisfy its accounting responsibilities efficiently and with a minimum of effort.

The following flowchart gives an overview of recordkeeping within an institution's financial aid office from initial documents through final reports.



Records to be maintained include:

- a student's application for financial aid (Free Application for Federal Student Aid [FAFSA]);
- a student's or parent's application for a Federal Family Education Loan or a Direct Loan;
- a copy of the school's award notification to the student;
- an award acceptance letter, signed by the student (optional);
- an "authorization to disburse" record from the financial aid office to the business office;*
- the record of financial aid received to date by the student broken out by Title IV Program;

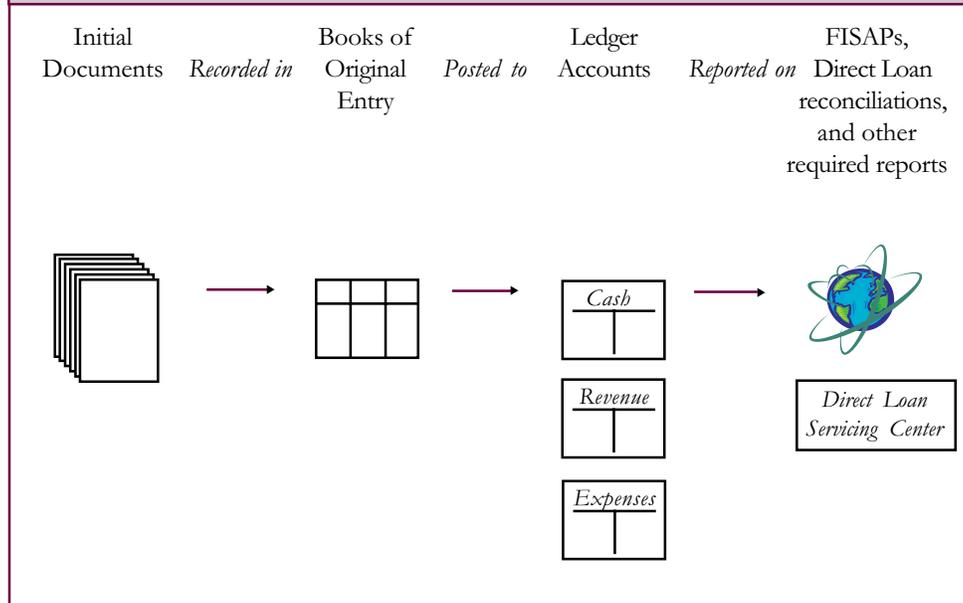
***This part of the checks-and-balances process is normally built into automated financial aid systems. As a result, schools with automated systems are not required to keep paper documentation or memos on file.**

- the student's eligible noncitizen documentation (if applicable);
- the student's ability-to-benefit documentation (if applicable);
- the student's financial aid transcript (if applicable);
- the school's Fiscal Operations Report and Application to Participate (FISAP);
- the school's Direct Loan reconciliation reports (if applicable);
- the student's Student Aid Report (SAR) or Institutional Student Information Record (ISIR);
- the student's verification data (if applicable); and
- certifications signed by the student—Statement of Educational Purpose and Certification on Overpayments and Defaults.

Bookkeeping and recordkeeping should be designed to enable timely internal and external financial reporting, proper filing of applications, and accurate final reports, as well as to meet documentation requirements for various financial aid programs. When designing an accounting system, the chart of accounts, books of original entry, billing, reporting requirements, and the like should all be taken into consideration.

- For example, the numerous ledger accounts set up for an institution's Federal Perkins Loan fund are created to assist the school in preparing year-end reports that must be filed with ED. The institution can simply copy the information from its ledgers to the Electronic FISAP format supplied by ED just before closing entries at the end of the award year. This procedure does not allow for destroying original documentation, but it does permit quick and accurate reference to needed information.

Overview of Accounting Activities in a Financial Aid Office



The flowchart above gives an overview of the accounting activities within an institution's business office, from initial documents through final reports. (The business office may also maintain Direct Loan reconciliation reports.) With this system in mind, staff members can see how the entire system fits together and how the journal entries fit into the system. Examples of initial documents maintained in the business office and posted to ledger accounts include:

- cash receipts,
- checks, and
- original journals.

An important general ledger account is *Student Accounts Receivable*; each individual student account is a subsidiary of this account. A sample student account is shown on the next page.

**Sample Student Account Receivable Card:
Tom Sawyer, Fall 1999**

Date	Item	Description	Debits (Charges)	Credits	Balance
09/07/99	Tuition	12 Credit Hours	\$2,000	\$0	\$2,000
09/07/99	Room	Dorcas Hall	\$2,500	\$0	\$4,500
09/07/99	Board	The Commons	\$3,000	\$0	\$7,500
09/07/99	Aid	Merit Scholar	\$0	\$2,000	\$5,500
09/07/99	Aid	Perkins Loan	\$0	\$1,000	\$4,500
09/07/99	Aid	Stafford Loan	\$0	\$2,300	\$2,200
Balance Due:					\$2,200

5.3 Accounting

A school's financial accounting system must meet internal and external information needs. The organizational structure of the accounting system should be designed to accommodate both these needs.

Fund Accounting

Fund accounting is the method of segregating assets into categories according to restrictions placed on their use by a funding source. Institutions need to consider their fund accounting needs, particularly with respect to restricted funds or funds that are initially restricted, when designing a chart of accounts. The chart of accounts should accurately reflect the school's current organization and programs, and it should have the flexibility to accommodate any future changes in the organization.

Chart of Accounts

As an aid in discussing records and accounting techniques for financial aid programs, the following summary chart of accounts lists accounts considered necessary for institutions to account properly for Title IV program funds. Whether these accounts are set up in a manual or an automated accounting system does not matter. Either system will need the basic suggested ledger accounts to meet ED's minimum program and fiscal requirements as well as the institution's external reporting requirements, such as basic financial statements and fund statements. Such a system will serve to meet the accounting needs of the institution, ED, and other federal agencies. Additional accounts may be added as deemed necessary by the institution. These accounts should be reviewed at least annually to determine if additions or deletions are necessary to meet changes in federal regulations.

The chart of accounts is a primary internal-control mechanism delineating the framework of the accounts. This chart has two components: (1) a fund number and (2) an account number that usually follows a standard account-code structure (a definition, by name, of the account code). A uniform numbering scheme is used here to assist in identifying the parts of the financial statements on which ledger accounts are located. The numbers assigned to these ledger accounts are arbitrarily assigned, but in sequential order, and these specific numbers are not required to put these ledgers in place in institutional accounting systems.

In all cases, the first digit of an account number identifies an element of the financial statements, as follows:

- 1 - Asset Account
- 2 - Asset Reduction Account
- 3 - Liability Account
- 4 - Capital Account (*or* Program Balance)
- 5 - Capital Reduction Account
- 6 - Income Account (Revenue)
- 7 - Expense Account

Each federal student financial aid program contains some or all of the elements of the financial statements outlined here. Each is self balancing and is separated completely from other programs and from the general operating fund of the institution. Within each program, the sum of ledger

accounts with debit balances equals the sum of ledger accounts with credit balances.

In the following Summary Chart of Accounts, award authorizations are not shown. It is recommended that they be booked as a memo journal entry or budget item. Then, as award authorizations are adjusted, appropriate adjustments to budget figures would be entered. This process helps ensure that drawdown amounts do not exceed authorization levels.

Note: The GAPS accounts shown in the Summary Chart of Accounts, account # 1-2 (Accounts Receivable, GAPS) is used only if an institution does not use the reimbursement payment method for drawing down Title IV funds. The accounting for the reimbursement method will not be covered here. However, account # 1-2 should be booked as any other account receivable. Each respective subsidiary ledger would also book the receivable.

Summary Chart Of Accounts

GAPS Accounts (Title IV Funds Only, Not Including Direct Loans)

To help in calculating excess cash and interest earnings on Title IV aid funds (Federal Pell Grant, FSEOG, FWS, and Federal Perkins Programs) and, in accordance with cash management regulations issued on December 1, 1994, separate GAPS accounts should be established for Title IV aid funds and for non-Title IV aid funds. In addition, because the Direct Loan Program is not reported on GAPS and uses a separate GAPS account number, its funds would not be included in either of these separate accounts.

- 1 - Asset Accounts
 - 1 - 1 Cash Control, GAPS
 - 1 - 2 Accounts Receivable, GAPS
- 3 - Liability Accounts - None
- 4 - Capital Accounts - None
- 6 - Income Accounts - None*
- 7 - Expense Accounts - None*

***GAPS is the only case in which income and expense ledgers are not maintained.**

National Finance Center (NFC) Accounts

NFC accounts are needed to reflect amounts of Title IV program funds disallowed after the program authorization account has been closed (removed from GAPS).

- 1 - Asset Accounts
 - 1 - 1 Cash Unremitted to NFC
 - 1 - 2 Due from School
- 3 - Liability Accounts
 - 3 - 1 Accounts Payable, NFC
- 4 - Capital Accounts - None
- 6 - Income Accounts - None
- 7 - Expense Accounts - None

Federal Pell Grant Accounts

- 1 - Asset Accounts
 - 1 - 1 Cash, Federal Pell Grants
- 3 - Liability Accounts - None
- 4 - Capital Accounts - None
- 6 - Revenue Accounts
 - 6 - 1 Transfer from GAPS - Federal Pell Grants for Students
 - 6 - 2 Federal Reimbursement of Pell Grant Administrative Cost Allowance (ACA)
- 7 - Expense Accounts
 - 7 - 1 Student Grants Paid - Federal Pell Grant
 - 7 - 2 Administrative Cost Allowance (ACA) Paid to Institution

Federal Supplemental Educational Opportunity Grant (FSEOG) Accounts

- 1 - Asset Accounts
 - 1 - 1 Cash, FSEOG
- 3 - Liability Accounts - None
- 4 - Capital Accounts - None
- 6 - Income Accounts
 - 6 - 1 Transfer from GAPS - FSEOG
 - 6 - 2 Institution's Cash Contribution
 - 6 - 3 Institution's Non-Cash Contribution (Memo Account)
- 7 - Expense Accounts
 - 7 - 1 Student Grants Paid - FSEOG
 - 7 - 2 Student Grants - FSEOG from Non-Cash Contribution (Memo Account)
 - 7 - 3 Administrative Cost Allowance (ACA) Paid to Institution (if applicable)

Federal Work-Study (FWS) Accounts

- 1 - Asset Accounts
 - 1 - 1 Cash, Federal Work-Study
 - 1 - 2 Accounts Receivable, Off-Campus Entities
- 3 - Liability Accounts
 - 3 - 1 Federal Income Taxes Withheld
 - 3 - 2 Social Security Taxes Withheld

- 3 - 3 State Income Taxes Withheld
- 3 - 4 Other Withholdings
- 3 - 5 Accrued Wages Payable
- 3 - 6 Employer's Payroll Taxes Payable

4 - Capital Accounts - None

6 - Income Accounts

- 6 - 1 Transfer from GAPS - Federal Work-Study
- 6 - 2 Institution's Cash Contribution
- 6 - 3 Institution's Non-Cash Contribution (Memo Account)
- 6 - 4 Off-Campus Employer's Contribution, Public/Private Nonprofit Entities
- 6 - 5 Off-Campus Employer's Contribution, Private For-Profit Entities

7 - Expense Accounts

- 7 - 1 Student Wages - On-Campus
- 7 - 2 Student Wages - On-Campus, Non-Cash Contribution for Nonfederal Share (Memo Account)
- 7 - 3 Student Wages - Off-Campus, Public/Private Nonprofit Entities
- 7 - 4 Student Wages - Off-Campus, Private For-Profit Entities
- 7 - 5 Regular Job Location and Development (JLD) Expenses Paid to Institution
- 7 - 6 Administrative Cost Allowance (ACA) Paid to Institution

Federal Perkins Loan Accounts

1 - Asset Accounts

- 1 - 1 Cash, Federal Perkins Loans
- 1 - 2 Funds Advanced to Students*

2 - Asset Reduction Accounts

- 2 - 1 Loan Principal Collected
- 2 - 2 Defaulted Loan Principal - Assigned to Federal Government
- 2 - 3 Loan Principal Cancelled - Teaching Service (10% Rate), Loans Made Prior to 7/1/72
- 2 - 4 Loan Principal Cancelled - Teaching Service (15% Rate), Loans Made Prior to 7/1/72
- 2 - 5 Loan Principal Cancelled - Military Service (12.5% Rate), Loans Made Prior to 7/1/72
- 2 - 6 Loan Principal Cancelled - Teaching Service (15% Rate), Loans Made 7/1/72 and After
- 2 - 7 Loan Principal Cancelled - Teaching Service (20% Rate), Loans Made 7/1/72 and After

***If the institution tracks funds advanced to students who are out of school, this information may be placed as a footnote to the subsidiary ledger.**

- 2 - 8 Loan Principal Cancelled - Teaching Service (30% Rate), Loans Made 7/1/72 and After
- 2 - 9 Loan Principal Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (15% Rate), Loans Made 7/23/92 and After
- 2 - 10 Loan Principal Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (20% Rate), Loans Made 7/23/92 and After
- 2 - 11 Loan Principal Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (30% Rate), Loans Made 7/23/92 and After
- 2 - 12 Loan Principal Cancelled - Military Service (12.5% Rate), Loans Made 7/1/72 and After
- 2 - 13 Loan Principal Cancelled - Death
- 2 - 14 Loan Principal Cancelled - Disability
- 2 - 15 Loan Principal Cancelled - Bankruptcy
- 2 - 16 Loan Principal Cancelled - Peace Corps or VISTA (15% Rate)
- 2 - 17 Loan Principal Cancelled - Peace Corps or VISTA (20% Rate)
- 2 - 18 Loan Principal Cancelled - Head Start (15% Rate)
- 2 - 19 Loan Principal Cancelled - Volunteer Service (15% Rate)
- 2 - 20 Loan Principal Cancelled - Volunteer Service (20% Rate)
- 2 - 21 Loan Principal Cancelled - Law Enforcement and Corrections Officer Service (15% Rate)
- 2 - 22 Loan Principal Cancelled - Law Enforcement and Corrections Officer Service (20% Rate)
- 2 - 23 Loan Principal Cancelled - Nurse/Medical Technician (15% Rate)
- 2 - 24 Loan Principal Cancelled - Nurse/Medical Technician (20% Rate)
- 2 - 25 Loan Principal Cancelled - Nurse/Medical Technician (30% Rate)
- 2 - 26 Loan Principal Cancelled - Child/Family and Early Intervention Service (15% Rate)
- 2 - 27 Loan Principal Cancelled - Child/Family and Early Intervention Service (20% Rate)
- 2 - 28 Loan Principal Cancelled - Child/Family and Early Intervention Service (30% Rate)
- 2 - 29 Loan Principal Cancelled for Loans Discharged Due to Closed Schools
- 2 - 30 Loan Principal Adjustments - Other

*Current accounting includes Federal Capital Contributions (FCCs) as a liability rather than as capital since these amounts are to be repaid to the federal government.

- 3 - Liability Accounts* - None
- 4 - Capital Accounts
 - 4 - 1 Federal Fund Balance
 - 4 - 2 Institutional Fund Balance
- 6 - Income Accounts
 - 6 - 1 Funds Transferred from GAPS - Perkins - FCC
 - 6 - 2 Funds Transferred from Institution - Perkins - ICC
 - 6 - 3 Interest Earned on Loans
 - 6 - 4 Other Earnings - Late Charges on Loans Made 7/1/87 and After
 - 6 - 5 Other Earnings - Miscellaneous
 - 6 - 6 Reimbursement of Amounts Cancelled on Loans Made 7/1/72 and After
 - 6 - 7 Repayments to Federal Government
 - 6 - 8 Repayments to Institution
- 7 - Expense Accounts
 - 7 - 1 Litigation Expenses
 - 7 - 2 Administrative Cost Allowance (ACA) Paid to Institution
 - 7 - 3 Other Collection Expenses
 - 7 - 4 Cost of Loan Principal and Interest Cancelled - Teaching Service, Loans Made Prior to 7/1/72
 - 7 - 5 Cost of Loan Principal and Interest Cancelled - Teaching Service, Loans Made 7/1/72 and After
 - 7 - 6 Cost of Loan Principal and Interest Cancelled - Military Service, Loans Made Prior to 7/1/72
 - 7 - 7 Cost of Loan Principal and Interest Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education), Loans Made 7/23/92 and After
 - 7 - 8 Cost of Loan Principal and Interest Cancelled - Military Service, Loans Made 7/1/72 and After
 - 7 - 9 Cost of Loan Principal and Interest Cancelled - Death
 - 7 - 10 Cost of Loan Principal and Interest Cancelled - Disability
 - 7 - 11 Cost of Loan Principal and Interest Cancelled - Bankruptcy
 - 7 - 12 Cost of Loan Principal and Interest Cancelled - Peace Corps or VISTA
 - 7 - 13 Cost of Loan Principal and Interest Cancelled - Head Start
 - 7 - 14 Cost of Loan Principal and Interest Cancelled - Volunteer Service
 - 7 - 15 Cost of Loan Principal and Interest Cancelled - Law Enforcement and Corrections Officer Service

- 7 - 16 Cost of Loan Principal and Interest Cancelled - Nurse/Medical Technician
- 7 - 17 Cost of Loan Principal and Interest Cancelled - Child/Family and Early Intervention Service
- 7 - 18 Cost of Defaulted Loan Principal and Interest Assigned to Federal Government
- 7 - 19 Other Costs or Losses

William D. Ford Federal Direct Loan (Direct Loan) Accounts

- 1 - Asset Accounts
 - 1 - 1 Cash, Direct Loans
 - 1 - 2 Accounts Receivable, GAPS
 - 3 Liability Accounts - None
- 4 - Capital Accounts - None
- 6 - Income Accounts
 - 6 - 1 Income from GAPS - Direct Loans
- 7 - Expense Accounts
 - 7 - 1 Funds Advanced to Borrowers

Electronic Funds Transfer (EFT) of Federal Family Education Loan (FFEL) Funds from Lenders to the Institution

- 1 - Asset Accounts
 - 1 - 1 Cash, FFEL Account
 - 1 - 2 Cash, Returned to Lenders
 - 1 - 3 Cash, Disbursed to Borrowers
 - 1 - 4 Cash, Interest Earnings
- 3 - Liability Accounts
 - 3 - 1 FFEL Trust Account
- 4 - Capital Accounts - None
- 6 - Income Accounts
 - 6 - 1 Interest Earnings from Investment of FFEL Funds
- 7 - Expense Accounts - None

**Reference:**

- See Section 4.5 of this book

GAPS Title IV Accounts

1 - 1 Cash Control, GAPS: This account may be a debit or credit balance account depending on the timing of drawdowns and disbursements. It is established to identify the balance of federal cash disbursed to a school through GAPS. The system described here segregates federal cash by using separate accounts for GAPS Title IV-funded programs. These separate GAPS accounts allow reconciliation of funds sent and/or available through GAPS. Separate checking accounts need not be maintained for each program as long as school records indicate precisely where cash was used.

Debit this account for:

- All cash received from GAPS for all Title IV programs, except Direct Loans payment for origination services, Pell Grants ACA reimbursement, or Perkins Loan cancellation reimbursements (contra account # 1-2).
- All unexpended cash on programs when accountability has been transferred to NFC (contra account # 1-2).

Credit this account with:

- All cash transferred to programs.
- Excess cash billings paid to National Finance Center (NFC) (contra account # 1-2).

1 - 2 Accounts Receivable, GAPS: This account can be a debit or credit balance account depending on the timing of disbursements and drawdowns. It represents all amounts due from all open-status GAPS-funded programs.* The debit balance may exist between the time funds are requested from GAPS and the time they are received.

Debit this account for:

- Amount of awards disbursed to students and recorded as income transferred from GAPS in each respective Title IV program account.

Credit this account for:

- Cash received from GAPS (contra account # 1-1).
- Any unexpended program balances after accountability has been transferred to NFC (contra account # 1-1).

***A different accounting treatment is needed if an institution uses the reimbursement payment method for drawing down Title IV funds.**

National Finance Center (NFC) Accounts

1 - 1 Cash Unremitted to NFC: This account is used to reflect that a portion of cash is no longer under GAPS accountability; the accountability has been transferred to the National Finance Center (NFC).

This cash is segregated when a grant's final closing amount is in dispute. Accounting for the funds here reflects a transfer of accountability from GAPS. If more than one program is in dispute, separate subsidiary accounts should be set up for each program. Disallowed expenditures on open, current-year GAPS accounts are recorded by reclassifying those expenditures from the specific program account to institutional accounts and then reinstating that same amount from the Title IV program account to the GAPS account.

Debit this account for:

- Cash received from the institution for disallowed expenditure (contra account # 1-2).
- Interest earnings on Title IV funds that exceed the regulatory threshold (contra account # 3-1).

Credit this account with:

- Amounts remitted to NFC (contra account # 3-1).

1 - 2 Due from School: This debit balance account reflects amounts due from the school as a result of disallowed expenditures on closed accounts not under GAPS accountability.

Debit this account for:

- Billings from NFC for expenditures disallowed by program review or audit, excess cash, and the like (contra account # 3-1).

Credit this account for:

- Cash received from the institution (contra account # 1-1).

3 - 1 Accounts Payable, NFC: This account is normally a credit balance account that reflects any liabilities to NFC as a result of cash accountability separated from GAPS as described earlier *or* disallowed expenditures on programs not under GAPS accountability *or* excess interest earnings returnable to ED through NFC.

Debit this account for:

- Amounts remitted to NFC (contra account # 1-1).

Credit this account with:

- Billings from NFC (contra account # 1-2).
- Interest earnings returnable to NFC (contra account # 1-1).

Federal Pell Grant Accounts

1 - 1 Cash, Federal Pell Grants: All receipts and disbursements of cash related to the Pell Grant Program are recorded in this account. Typically, this account would show a zero balance after each period's entries are posted, as the transfer of funds from GAPS should equal only the amount of grants to be paid immediately to students.

Debit this account for:

- Transfers from GAPS account (contra account # 6-1).
- Recoveries from recipients (contra account # 7-1).

Credit this account with:

- Payments to students (contra account # 7-1).



Reference:

- See Section 4.2 of this book

6 - 1 Transfer from GAPS - Federal Pell Grants for Students: This credit balance account controls the transfer of cash from the GAPS account "Cash Control, GAPS" to the Pell Grant account "Cash, Federal Pell Grants." Such cash transfers should be made only in the precise amounts needed immediately to pay grants to students.

Debit this account for:

- Closing entry at end of accounting fiscal year, the total amount of cash transferred from GAPS account to meet disbursement needs for the period (contra account # 7-1).

Credit this account with:

- Cash transferred from GAPS account to meet current disbursement needs (contra account # 1-1).

6 - 2 Federal Reimbursement of Pell Grant Administrative Cost Allowance (ACA): This credit balance account is used to deposit the reimbursements received via electronic funds transfer (EFT) from ED for Pell ACA.

Debit this account for:

- Closing entry at end of accounting fiscal year for the amount of Pell ACA reimbursements (contra account # 7-2).

Credit this account with:

- ACA payments received via EFT from ED (contra account # 1-1).

7 - 1 Student Grants Paid - Federal Pell Grant: This debit balance account is maintained to record payments made to students for Pell Grants.

Debit this account for:

- Grant payments made to students (contra account # 1-1).

Credit this account with:

- Recoveries from recipients (contra account # 1-1).
- Closing entry at end of accounting fiscal year for the total amount of grant payments made to students for the accounting period (contra account # 6-1).

7 - 2 Administrative Cost Allowance (ACA) Paid to Institution: This debit balance account is maintained to record payments made to the institution for administrative costs. This amount cannot exceed the amount set by regulations.

Debit this account for:

- ACA paid to the institution (contra account # 1-1).

Credit this account with:

- Closing entry at the end of the accounting period (contra account # 6-2).

Federal Supplemental Educational Opportunity Grant (FSEOG) Accounts

1 - 1 Cash, FSEOG: All receipts and disbursements of cash related to the Federal Supplemental Educational Opportunity Grant (FSEOG) Program are recorded in this account. Typically, this account shows a zero balance after each period's entries are posted, as the transfer of funds from GAPS should be only for the amount of grants to be paid to students immediately and for administrative expenses.

Debit this account for:

- Transfers from GAPS account (contra account # 6-1).
- Cash contributions of the institution (contra account # 6-2).

Credit this account with:

- Payments to students (contra account # 7-1).
- Payments to institution for administrative cost allowance (contra account # 7-3).

6 - 1 Transfer from GAPS - FSEOG: This revenue account is maintained to control the transfer of cash from the GAPS account “Cash Control, GAPS” to the FSEOG account “Cash, FSEOG.” Such transfers of cash should be made only in the precise amounts needed to pay awards and ACA (if applicable) on a current basis.

Debit this account for:

- Closing entry at end of accounting fiscal year (contra accounts # 7-1, 7-3).

Credit this account with:

- Amounts of cash transferred from the GAPS account to meet the federal share of current FSEOG grants (contra account # 1-1).

6 - 2 Institution’s Cash Contribution: This credit balance account is maintained to record cash contributions made by the institution to provide (together with any non-cash contribution) the nonfederal share of FSEOG grants.

Debit this account for:

- Closing entry at end of accounting fiscal year (contra account # 7-1).

Credit this account with:

- Amounts of cash provided by the institution to pay its share of current FSEOG grants (contra account # 1-1).

6 - 3 Institution’s Non-Cash Contribution (Memo Account): This credit balance account is maintained to record non-cash contributions made by the institution to provide (together with any cash contribution) the required nonfederal share of FSEOG grants.

Debit this account for:

- Closing entry, the cash value of all tuition rebates or similar credits to student accounts as the nonfederal share of FSEOG awards at end of accounting fiscal year (contra account # 7-2).

**Reference:**

- See Section 2.9 of this book for information on student master records

Credit this account with:

- Non-cash contributions provided from institutional resources to pay the nonfederal share of current FSEOG grants, including payments made directly to students from institutional funds (contra account # 7-2).

7 - 1 Student Grants Paid - FSEOG: This expense account is maintained to help prepare required FSEOG Program reports. If the institution transfers cash to provide the required percent of the federal share, then this account would record both the federal and nonfederal shares of FSEOG grants. The debit balance in this account combined with account # 7-2, before closing, should agree with the sum of the individual award amounts shown in student records as FSEOG grants for the current year.

Debit this account for:

- Payments to students for FSEOG grants (contra account # 1-1).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra account # 6-1).

7 - 2 Student Grants - FSEOG From Non-Cash Contributions (Memo Account): This expense account is used if the institution makes non-cash contributions and pays students a portion of their FSEOG grants directly from institutional resources.

Debit this account for:

- Payments to students for FSEOG grants from institutional resources (contra account # 6-3).

Credit this account for:

- Closing entry at end of accounting fiscal year (contra account # 6-3).

7 - 3 Administrative Cost Allowance (ACA) Paid to Institution (if applicable): This expense account is used to record ACA as it is paid to the institution. Such payments are limited by regulations and may not be made from FSEOG funds unless students received FSEOG funds during the period.

Debit this account for:

- Payments to institution for administrative expenses (contra account # 1-1).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra account # 6-1).

Federal Work-Study (FWS) Accounts

1 - 1 Cash, Federal Work-Study: All receipts and disbursements of cash related to the Federal Work-Study (FWS) Program are recorded in this account. Any debit balance remaining after payroll payment should consist solely of institutional and/or off-campus employer funds, as federal funds should be transferred from the GAPS Cash Control Account (GAPS account # 1-1) only in the precise amount needed for the federal share of current disbursements.



Reference:

- See Section 4.2 of this book

Debit this account for:

- Federal contributions transferred from GAPS account (contra account # 6-1).
- Cash contributions of the institution (contra account # 6-2).
- Cash payments of off-campus employers (contra account # 1-2).
- Cash paid into fund by the institution for later payment of employer's share of payroll taxes (contra account # 3-6).
- Cash contributions paid by the institution for off-campus employers that have not paid their nonfederal share (contra account # 1-2).

Credit this account with:

- Federal share of on-campus compensation and federal and nonfederal shares of off-campus compensation to students (contra accounts # 3-5, 7-3, 7-4).
- Administrative expenses paid to the institution (contra account # 7-6).
- Refund of contribution to the institution (contra account # 6-2).
- Refund of contribution to off-campus employers (contra account # 1-2).
- Payment for compensation withheld (contra accounts # 3-1, 3-2, 3-3, 3-4).

- Payment of employer's payroll taxes (contra account # 3-6).
- Job Location and Development Program expenses paid to the institution (contra account # 7-5).

1 - 2 Accounts Receivable, Off-Campus Entities: This account is used to record the amounts due from off-campus employers for the nonfederal share of student wages. Separate subsidiary accounts should be set up for each off-campus entity.

Debit this account for:

- Amounts to be provided by off-campus employers to pay the required percent of the nonfederal share of wages of students employed off campus (contra accounts # 6-4, 6-5).
- Refunds to off-campus employers of excess cash contributions (contra account # 1-1).

Credit this account for:

- Cash paid by off-campus employers (contra account # 1-1).
- Cash paid by institution for off-campus employers that have not paid their nonfederal share (contra account # 1-1).

3 - 1 Federal Income Taxes Withheld

*3 - 2 Social Security Taxes Withheld**

3 - 3 State Income Taxes Withheld

3 - 4 Other Withholdings

If withholding is necessary, these accounts are used to record the tax amounts withheld from the pay of students employed under the Federal Work-Study Program.

Debit these accounts for:

- Taxes paid to the appropriate agency for federal income taxes, Social Security taxes (when applicable), state income taxes, and other taxes (contra account # 1-1).

Credit these accounts with:

- Amounts withheld from students' pay for payment of federal income taxes, Social Security taxes (when applicable), state income taxes, and other taxes (contra accounts # 7-1, 7-3, 7-4).

***Both half-time and full-time students working in FWS jobs do not need to pay FICA if they are employed on campus.**

3 - 5 Accrued Wages Payable: This account is used to accumulate student wages earned but not paid by the end of a report period. This is necessary because the Federal Work-Study portion of the FISAP report requires compensation earned during the reporting period to be reported, regardless of when it is paid. The drawdown of cash from the GAPS Cash Control Account is on a cash basis, and funds are not drawn down until accrued wages have actually been disbursed (paid).

Debit this account for:

- Amounts of gross compensation earned in the previous reporting period and paid during the current period (contra account # 1-1).

Credit this account with:

- Gross compensation earned, but not yet paid at the end of the reporting period (contra accounts # 7-1, 7-2, 7-3, 7-4).

3 - 6 Employer's Payroll Taxes Payable: This credit balance account is maintained to record the amount of payments due by the institution for the employer's share of payroll taxes on accounts of students employed under the Federal Work-Study Program. Federal Work-Study funds may not be used to pay any portion of such taxes. At some schools, the employer's share of payroll taxes is handled directly from the general fund, and off-campus employers' payments for their share of payroll taxes are reimbursed to the general fund rather than transferring the amount into the FWS fund. In this case, account # 3-6 would not be needed in the FWS set of accounts.

Debit this account for:

- Amounts of payroll taxes paid (contra account # 1-1).

Credit this account with:

- Amounts of payroll taxes payable from cash amounts transferred by the institution or off-campus employers to pay their share of payroll taxes (contra account # 1-1).

6 - 1 Transfer from GAPS - Federal Work-Study: This credit balance account controls the transfer of cash from the GAPS account, "Cash Control, GAPS" to the FWS account, "Cash, Federal Work-Study." Such transfers of cash should be made only in the precise amounts needed for the federal share of current payroll, plus administrative expenses and Job Location and Development Program expenses. No transfer of cash should occur until the federal share of the currently payable payroll has been calculated.

Note: A student may be exempt from tax withholding while enrolled. However, if the student is employed between terms or in the summer, when the student is not enrolled, withholding must be made.



Reference:

- See Section 4.2 of this book

Debit this account for:

- The federal share of wages earned (contra accounts # 7-1, 7-3, 7-4).
- Administrative expenses paid to the institution (contra account # 7-6).
- Job Location and Development Program expenses paid to the institution (contra account # 7-5).

Credit this account with:

- Amounts of cash transferred from the GAPS account “Cash Control, GAPS” to meet current disbursement needs (contra account # 1-1).

6 - 2 Institution’s Cash Contribution: This credit balance account is used only if the institution transfers cash to provide the required percent of the nonfederal share of student wages on campus, then pays both the federal share and nonfederal shares of campus wages from these accounts.

Debit this account for:

- Refund to the institution of excess cash advances (contra account # 1-1).
- Closing entry, the nonfederal share (that is, the share for which Federal Work-Study funds are not available) of cash wages paid to students employed on campus (contra account # 7-1).

Credit this account with:

- Amounts of cash provided by the institution to pay its share of on-campus student wages (contra account # 1-1).

6 - 3 Institution’s Non-Cash Contribution (Memo Account): This credit balance account records the amount of wages “paid” to students by the institution through tuition rebates and other such non-cash means, as well as amounts paid directly to students from institutional funds.

Debit this account for:

- Closing entry, the cash value of all tuition rebates or similar credits to student accounts made by the institution during the reporting period as its share of on-campus student wages (contra account # 7-2).

Credit this account with:

- Each pay period, the cash value of all tuition rebates or similar credits to student accounts and amounts paid to students directly by the institution as its share of on-campus student wages (contra account # 7-2).

6 - 4 Off-Campus Employer's Contribution, Public/Private Nonprofit Entities

6 - 5 Off-Campus Employer's Contribution, Private For-Profit Entities

These credit balance accounts are maintained to record contributions due from off-campus employers to provide the required percent (or more) of the nonfederal share of student wages earned off campus.

Debit these accounts for:

- Closing entry, nonfederal share (that is, the share for which Federal Work-Study funds are not available) of wages paid to students employed off campus (contra accounts # 7-3, 7-4).

Credit these accounts with:

- Amounts to be provided by off-campus employers to pay the required percent of the nonfederal share of wages of students employed off campus (contra account # 1-2).

7 - 1 Student Wages - On-Campus: This expense account is maintained to record the federal share of Federal Work-Study wages. If the institution transfers cash to provide the required percent of the federal share, then this account would record both the federal and nonfederal shares of wages. This account may be further subdivided into categories such as instruction, research, public service, and so on, to facilitate nonfederal functional reporting.

Debit this account for:

- The federal share of wages earned by students in on-campus employment from the first day to the last day of the reporting period (posted from payroll vouchers, adjusted as necessary for accruals) (contra accounts # 1-1, 3-1, 3-2, 3-3, 3-4, 3-5).

Credit this account with:

- As a closing entry, the federal share of wages earned on campus (contra account # 6-1).

7 - 2 Student Wages - On-Campus, Non-Cash Contribution for Nonfederal Share (Memo Account): This expense account is maintained to record the nonfederal share of student wages paid from the institution's funds or through tuition rebates or similar credits.

Debit this account for:

- The nonfederal share of wages earned by students in on-campus employment and paid directly from the institution's funds (contra account # 6-3).
- The nonfederal share of wages "paid" to students through tuition rebates and other non-cash means (contra account # 6-3).

Credit this account for:

- As a closing entry, the nonfederal share of wages earned on campus (contra account # 6-3).

7 - 3 Student Wages - Off-Campus, Public/Private Nonprofit Entities

7 - 4 Student Wages - Off-Campus, Private For-Profit Entities

These expense accounts are maintained to help prepare required Federal Work-Study Program reports.

Debit these accounts for:

- Gross amount of wages earned by students in off-campus employment from the first day to the last day of the reporting period (posted from payroll vouchers, adjusted as necessary for accruals) (contra accounts # 3-1, 3-2, 3-3, 3-4, 3-5).

Credit these accounts with:

- Closing entry for the nonfederal share of wages earned off campus (contra accounts # 6-4, 6-5).
- The federal share of wages earned off campus (contra account # 6-1).

7 - 5 Regular Job Location and Development (JLD) Expenses Paid to Institution:

This expense account is maintained to record payments made to the institution for Job Location and Development Program expenses. This amount cannot exceed the lesser of \$50,000 or 10 percent of the institution's Federal Work-Study (FWS) authorization for the award year to locate and develop off-campus jobs, including community-service jobs. Jobs located or developed under the program may be for either a for-profit

or nonprofit employer. A school is not allowed to use its JLD allocation to locate on-campus service jobs. The federal funds that a school sets aside from its FWS allocation to be used for JLD activities may be used to pay up to 80 percent of allowable costs. The school must provide the remaining 20 percent of allowable costs, either in cash or services.

Debit this account for:

- Amounts paid to the institution (contra account # 1-1).

Credit this account with:

- Closing entry at the end of the accounting period, the amounts paid to the institution during the reporting period (contra account # 6-1).



Reference:

- See Section 3.3 of this book

7 - 6 Administrative Cost Allowance (ACA) Paid to Institution: This expense account is maintained to record payments made to the institution in reimbursement for administrative expenses. Such payments to the institution have totals limited by regulations, and they may not be made from FWS funds unless students earned FWS wages during the period.

Debit this account for:

- Payments to institution for administrative expenses (contra account # 1-1).

Credit this account with:

- Closing entry at the end of the accounting period, the total amount paid to the institution during the reporting period (contra account # 6-1).

Federal Perkins Loan Accounts

1 - 1 Cash, Federal Perkins Loans: This is a debit balance account that shows the total cash available.

Debit this account for:

- Federal Capital Contributions (FCCs) as transferred from GAPS cash (contra account # 6-1).
- Institutional Capital Contributions (ICCs) as transferred from institutional cash (contra account # 6-2).
- Refunds of amounts advanced to students (contra account # 1-2).
- Collections of loan principal from borrowers (contra account # 2-1).

- Collections of loan interest from borrowers (contra account # 6-3).
- Collections of late charges assessed (contra account # 6-4).
- Collections of penalty charges assessed (contra account # 6-5).
- Other income (contra account # 6-5).
- Reimbursements from the U.S. government on loan cancellations (contra account # 6-6).
- Repayments from borrowers for litigation expenses (contra account # 7-1).
- Collections of borrower-paid collection costs from gross-remittance collection agencies (contra account # 7-3).

Credit this account with:

- Advances to students (contra account # 1-2).
- Overpayments refunded to borrowers (contra account # 2-1).
- Reversals of payments made by returned check (contra accounts # 2-1, 6-3, 6-4, 6-5, 7-3).
- Repayments of capital to the U.S. government (contra account # 6-7).
- Repayments of capital to the institution (contra account # 6-8).
- Withdrawals of late charges payable to the institution (contra account # 6-4).
- Withdrawals to pay litigation expenses (contra account # 7-1).
- Withdrawals for administrative cost allowance (contra account # 7-2).
- Withdrawals to pay collection costs to gross-remittance collection agencies (contra account # 7-3).
- Withdrawals to pay other collection expenses (contra account # 7-3).

**Reference:**

- See Section 2.9 of this book

1 - 2 Funds Advanced to Students: This debit balance account is a control account for advances to borrowers. The total of the amounts shown as advances on individual student master records for all students should be reconciled to the balance in this account at the end of each month.

Debit this account for:

- The amount advanced to borrowers (contra account # 1-1).

Credit this account with:

- Any return of advances made (contra account # 1-1).

2 - 1 Loan Principal Collected: This is a credit balance account maintained to show the total amount of loan principal collected since the beginning of the program.

Debit this account for:

- The principal amount of returned checks (contra account # 1-1).
- Overpayments refunded to borrowers (contra account # 1-1).

Credit this account with:

- The amount of cash collections related to loan principal (contra account # 1-1).
- Reclassification of the amount of interest paid that is subsequently cancelled (contra account # 2-1).

2 - 2 Defaulted Loan Principal - Assigned to Federal Government: This credit balance account is maintained to show the cumulative amount of defaulted loan principal assigned to and accepted by the U.S. government.

Debit this account for:

- No entries, except for correcting errors.

Credit this account with:

- The amount of loan principal assigned to and accepted by the U.S. government on loans in default (contra account # 7-18).

2 - 3 Loan Principal Cancelled - Teaching Service (10% Rate), Loans Made Prior to 7/1/72

2 - 4 Loan Principal Cancelled - Teaching Service (15% Rate), Loans Made Prior to 7/1/72

2 - 5 Loan Principal Cancelled - Military Service (12.5% Rate), Loans Made Prior to 7/1/72

Accounts # 2-3, 2-4, and 2-5 may be merged and maintained as one account titled “Loan Principal Cancelled - Loans Made Prior to 7/1/72.”

2 - 6 Loan Principal Cancelled - Teaching Service (15% Rate), Loans Made 7/1/72 and After

2 - 7 Loan Principal Cancelled - Teaching Service (20% Rate), Loans Made 7/1/72 and After

2 - 8 Loan Principal Cancelled - Teaching Service (30% Rate), Loans Made 7/1/72 and After

2 - 9 Loan Principal Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (15% Rate), Loans Made 7/23/92 and After

2 - 10 Loan Principal Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (20% Rate), Loans Made 7/23/92 and After

2 - 11 Loan Principal Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education) (30% Rate), Loans Made 7/23/92 and After

2 - 12 Loan Principal Cancelled - Military Service (12.5% Rate), Loans Made 7/1/72 and After

2 - 13 Loan Principal Cancelled - Death

2 - 14 Loan Principal Cancelled - Disability

Accounts # 2-13 and 2-14 may be merged and maintained as one account titled “Loan Principal Cancelled - Death or Disability.”



Reference:

- See Section 5.3 of this book

All other cancelled-loan entries are similar and are not shown here. Refer to the chart of accounts for the other cancellation accounts.

These separate cancellation accounts are maintained to show the cumulative amounts of loan principal cancelled under the provisions of the law.

Debit these accounts for:

- No entries, except for correcting errors.

Credit these accounts with:

- Amounts of each appropriate category of loan principal cancelled under the provisions of the law (contra accounts # 7-4 through 7-17).

2 - 29 Loan Principal Adjustments - Other: This is a credit balance account maintained to show the cumulative total amount of loan principal lost because of other reasons (such as write-offs) as specified by ED. Each credit entry to this account should be adequately labeled to identify the reason for the adjustment.

Debit this account for:

- No entries, except for correcting errors.

Credit this account with:

- Amount of loan principal lost because of other approved reasons (write-offs) (contra account # 7-19).

4 - 1 Federal Fund Balance: This is a credit balance account maintained to show the federal share of the fund balance.

This account should always show a credit balance for the federal share of income and expenses since the school began participating in the program.

Credit this account with:

- Closing entry at end of accounting fiscal year (federal share of contra accounts # 6-1, 6-3 through 6-7, 7-1 through 7-19).

4 - 2 Institutional Fund Balance: This credit balance account is maintained to show the institutional share of the fund balance. This account should always show a credit balance for the institutional share of income and expenses since the school began participating in the program.

Credit this account with:

- Closing entry at end of accounting fiscal year (institutional share of contra accounts # 6-2 through 6-6, 6-8 through 7-19).

6 - 1 Funds Transferred from GAPS - Perkins - FCC: This debit balance account is maintained to track the total FCC transferred to the Perkins Loan fund from the GAPS cash control account.

Debit this account for:

- Closing entry at end of accounting fiscal year (contra account # 4-1).

Credit this account with:

- Transfer from GAPS - FCC (contra account # 1-1).

6 - 2 Funds Transferred from Institution - Perkins - ICC: This debit balance account is maintained to track the total ICC transferred to the Perkins Loan fund from the institution.

Debit this account for:

- Closing entry at end of accounting fiscal year (contra account # 4-2).

Credit this account with:

- Mandatory transfers of the institution's matching share of the Perkins Loan allocation. This is one-third ($33\frac{1}{3}$ percent) of the FCC amount *or* one-quarter (25 percent) of the combined FCC *plus* ICC (contra account # 1-1).

6 - 3 Interest Earned on Loans: This credit balance account is maintained to show the total interest that has been collected or has been cancelled because of teaching service, military service, death, or any other authorized cancellation. It also includes interest from loans assigned to ED.

Debit this account for:

- The interest amount of returned checks and correction of errors (contra account # 1-1).
- Reclassification of the interest amount paid that is subsequently cancelled (contra account # 2 -1).
- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

Credit this account with:

- The amount of loan interest collected (contra account # 1-1).
- The amount of loan interest cancelled for teaching service (contra accounts # 7-4, 7-5).

- The amount of loan interest cancelled for Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education), Loans Made 7/23/92 and After (contra account # 7-7).
- The amount of loan interest cancelled for military service (contra accounts # 7-6, 7-8).
- The amount of loan interest cancelled for death (contra account # 7-9).
- The amount of loan interest cancelled for disability (contra account # 7-10).
- The amount of loan interest cancelled for bankruptcy (contra account # 7-11).
- The amount of loan interest cancelled for Peace Corps or VISTA (contra account # 7-12).
- The amount of loan interest cancelled for Head Start (contra account # 7-13).
- The amount of loan interest cancelled for Volunteer Service (contra account # 7-14).
- The amount of loan interest cancelled for Law Enforcement and Corrections Officer (contra account # 7-15).
- The amount of loan interest cancelled for Nurse/Medical Technician (contra account # 7-16).
- The amount of loan interest cancelled for Child/Family and Early Intervention Service (contra account # 7-17).
- The amount of loan interest related to defaulted loans assigned to the U.S. government (contra account # 7-18).
- The amount of loan interest written off for other costs or losses (specify) (contra account # 7-19).

6 - 4 Other Earnings - Late Charges on Loans Made 7/1/87 and After: This credit balance account is maintained to show the earnings of the fund due to late charges assessed on loans made after 7/1/87.

Debit this account for:

- Late charge amounts reimbursed to the institution (contra account # 1-1).

- Late charge amounts of returned checks (contra account # 1-1).
- Late charge amounts for correcting errors.
- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

Credit this account with:

- Late charges assessed and collected (contra account # 1-1).
- Amounts reimbursed by the institution for the late charge portion of returned checks (contra account # 1-1).
- Late charges accrued and written off (contra account # 7-18).



Reference:

- See Section 4.5 of this book

6 - 5 Other Earnings - Miscellaneous: This credit balance account is maintained to show the earnings of the fund (other than interest on student loans or late charges assessed on loans made 1/1/86 and after), such as penalty charges on loans made 12/31/85 and before, and interest earned on fund cash balances. As it will be necessary to report separately on each type of earnings (penalty charges, interest, earnings, and so on), a subsidiary ledger account for each type of earnings is desirable. There may be periods when slack demand for loans, coupled with funds received for collection activities, might produce a temporary excess cash balance in the Perkins Loan fund; as a result, institutions are now required to maintain fund balances in insured interest-bearing accounts.

Debit this account for:

- Penalty charges for returned checks (contra account # 1-1).
- Correcting errors.
- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

Credit this account with:

- Penalty charges assessed and collected (contra account # 1-1).
- Interest earned on fund cash (contra account # 1-1).
- Any other earnings of the fund (contra account # 1-1).
- Penalty charges accrued and written off (contra account # 7-19).

6 - 6 Reimbursement of Amounts Cancelled on Loans Made 7/1/72 and After:

This credit balance account is maintained to show the amounts received from the U.S. government as a result of reimbursements on loans cancelled for teaching (Head Start) and military service on loans made 7/1/72 and after, for Peace Corps or VISTA service for loans made after 6/30/87, for employment in law enforcement or as a corrections officer for loans made on or after 11/29/90, and for all cancellations authorized by the 1992 reauthorization of the Higher Education Act (HEA).

Debit this account for:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

Credit this account with:

- Amounts received from the U.S. government for reimbursement of the aggregate amount of institutional funds plus federal funds cancelled due to any of the authorized cancellation provisions (contra account # 1-1).

6 - 7 Repayments to Federal Government: This debit balance account is maintained to show the total distribution of fund capital in case of partial dissolution of the Perkins Loan fund.

Debit this account for:

- Amount of the appropriate FCC repaid in partial dissolution of the fund (contra account # 1-1).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra account # 4-1).

6 - 8 Repayments to Institution: This debit balance account is maintained to show the total distribution of fund capital in case of partial dissolution of the Perkins Loan fund and to show when an institution withdraws an overmatch.

Debit this account for:

- Amount of the appropriate ICC repaid in partial dissolution of the fund (contra account # 1-1).

**Reference:**

- See Section 3.3 of this book

Credit this account with:

- Closing entry at end of accounting fiscal year (contra account # 4-2).

7 - 1 Litigation Expenses: This is a debit balance account maintained to show the net amount paid for litigation arising in connection with Federal Perkins Loans.

Debit this account for:

- Amounts paid for litigation expenses (contra account # 1-1).

Credit this account with:

- Amounts collected from borrowers repaying litigation expenses (contra account # 1-1).
- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 2 Administrative Cost Allowance (ACA) Paid to Institution: This is a debit balance account maintained to show the amount of administrative expenses charged to the fund rather than reimbursement to the institution by ED. Such payments to the institution are limited in total by regulations and may not be made from the Perkins Loan fund unless students receive advances of Perkins Loan funds during the award period.

Debit this account for:

- Amounts charged to the fund as authorized administrative cost allowance (ACA) (contra account # 1-1).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 3 Other Collection Expenses: This is a debit balance account maintained to show the net amount charged to the fund for collection expenses other than costs of litigation, such as commissions (as approved by the U.S. Secretary of Education) paid to a collection agency.

Debit this account for:

- Amounts authorized to be charged to the fund as other collection expenses (contra accounts # 1-1 or 2-1).

- Amount of borrower-paid collection cost portion of returned checks (contra account # 1-1).

Credit this account with:

- Amounts collected from borrowers repaying costs of collection other than litigation expenses (contra account # 1-1).
- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 4 Cost of Loan Principal and Interest Cancelled - Teaching Service, Loans Made Prior to 7/1/72

7 - 5 Cost of Loan Principal and Interest Cancelled - Teaching Service, Loans Made 7/1/72 and After

These debit balance accounts are maintained to show the total cost of loan cancellations for teaching service.

Debit these accounts for:

- Amounts of total principal and interest cancelled for teaching service (contra accounts # 2-3, 2-4, 2-6, 2-7, 2-8, 6-3).

Credit these accounts with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 6 Cost of Loan Principal and Interest Cancelled - Military Service, Loans Made Prior to 7/1/72

7 - 7 Cost of Loan Principal and Interest Cancelled - Teaching Service (Field of Expertise: Math, Science, Foreign Language, Bilingual Education), Loans Made 7/23/92 and After

These debit balance accounts are maintained to show the total cost of loan cancellations for military and teaching service.

Debit these accounts for:

- Amounts of total principal and interest cancelled for these specific service areas (contra accounts # 2-5, 2-9, 2-10, 2-11, 6-3).

Credit these accounts with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

*7 - 8 Cost of Loan Principal and Interest Cancelled - Military Service
7/1/72 and After*

These debit balance accounts are maintained to show the total cost of loan cancellations for military service.

Debit these accounts for:

- Amounts of total principal and interest cancelled for military service (contra accounts # 2-12, 6-3).

Credit these accounts with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 9 Cost of Loan Principal and Interest Cancelled - Death: This is a debit balance account maintained to show the total cost of loan cancellations for death.

Debit this account for:

- Amounts of total principal and interest cancelled for death (contra accounts # 2-13, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 10 Cost of Loan Principal and Interest Cancelled - Disability: This is a debit balance account maintained to show the total cost of loan cancellations for disability.

Debit this account for:

- Amounts of total principal and interest cancelled for disability (contra accounts # 2-14, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 11 Cost of Loan Principal and Interest Cancelled - Bankruptcy: This is a debit balance account maintained to show the total cost of loan cancellations for bankruptcy.

Debit this account for:

- Amounts of total principal and interest cancelled for bankruptcy (contra accounts # 2-15, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 12 Cost of Loan Principal and Interest Cancelled - Peace Corps or VISTA:

This is a debit balance account to show the total cost of principal and interest cancelled for service in the Peace Corps or VISTA for loans made after June 30, 1987.

Debit this account for:

- Amounts of total principal and interest cancelled for service in the Peace Corps or VISTA (contra accounts # 2-16, 2-17, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 13 Cost of Loan Principal and Interest Cancelled - Head Start: This is a debit balance account to show the total cost of principal and interest cancelled for the Head Start Program.

Debit this account for:

- Amounts of total principal and interest cancelled for the Head Start Program (contra accounts # 2-18, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 14 Cost of Loan Principal and Interest Cancelled - Volunteer Service: This is a debit balance account to show the total cost of principal and interest cancelled for volunteer service.

Debit this account for:

- Amounts of total principal and interest cancelled for volunteer service (contra accounts # 2-19, 2-20, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 15 Cost of Loan Principal and Interest Cancelled - Law Enforcement and Corrections Officer: This is a debit balance account to show the total cost of principal and interest cancelled for borrowers employed in law enforcement or corrections.

Debit this account for:

- Amounts of total principal and interest cancelled for a borrower's employment as a law-enforcement or corrections officer (contra accounts # 2-21, 2-22, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 16 Cost of Loan Principal and Interest Cancelled - Nurse/Medical Technician: This is a debit balance account to show the total cost of principal and interest cancelled for a borrower's employment as a nurse or medical technician.

Debit this account for:

- Amounts of total principal and interest cancelled for a borrower's employment as a nurse or medical technician (contra accounts # 2-23, 2-24, 2-25, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 17 Cost of Loan Principal and Interest Cancelled - Child/Family and Early Intervention Service: This is a debit balance account to show the total cost of principal and interest cancelled for a borrower's employment in a child/family or early intervention service.

Debit this account for:

- Amounts of total principal and interest cancelled for the child/family or early intervention service (contra accounts # 2-26, 2-27, 2-28, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 18 Cost of Defaulted Loan Principal and Interest Assigned to Federal

Government: This is a debit balance account maintained to show the total cost of defaulted loans assigned to, and accepted by, the U.S. government.

Debit this account for:

- Amounts of total principal and interest related to defaulted loans assigned to the U.S. government (contra accounts # 2-2, 6-3).

Credit this account with:

- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

7 - 19 Other Costs or Losses: This is a debit balance account maintained to show the total amount of other costs or losses. Any entries to this account, such as accounts written off, should have full documentation of the reasons. In some cases, approval by the U.S. Secretary of Education must be included as part of the documentation.

Debit this account for:

- Amounts of total principal, interest, penalty, and late charges written off because of other costs or losses. The reason for the write-off should be specified for easy identification in the account (contra accounts # 2-29, 6-3, 6-4, 6-5).

Credit this account with:

- Amounts of previous write-offs reversed due to collection (contra accounts # 2-29, 6-3, 6-4, 6-5).
- Closing entry at end of accounting fiscal year (contra accounts # 4-1, 4-2).

William D. Ford Federal Direct Loan Accounts

1 - 1 Cash, Direct Loans: All receipts and disbursements of cash related to the Direct Loan Program are recorded in this account.

Debit this account for:

- Transfers from GAPS accounts (contra account # 6-1).

- Recoveries from recipients (contra account # 7-1).

Credit this account for:

- Payments to students (contra account # 7-1).
- Return of excess cash to Direct Loan Servicing Center or to ED via FEDWIRE (contra account # 6-1).

1 - 2 Accounts Receivable, GAPS: This debit balance account controls the transfer of cash directly from the GAPS account established for Direct Loans.

Debit this account for:

- Amounts due from GAPS for disbursement needs for the period (contra account # 6-1).
- Return of excess cash (contra account # 1-1).

Credit this account with:

- Cash transferred directly from the GAPS account (contra account # 1-1).

6 - 1 Income from GAPS - Direct Loans: This credit balance account reflects the income from the Direct Loan Program. This amount is not a transfer from the GAPS account referred to in section 5.3. These separate accounts allow for reconciliation with the institution's records as part of the Direct Loan reconciliation process.

Debit this account for:

- Closing entry at end of accounting fiscal year, the income from GAPS to meet disbursement needs for the period (contra accounts # 7-1, 7-2).

Credit this account with:

- Income from GAPS recorded to meet current disbursement needs (contra account # 1-2).

6 - 2 Federal Reimbursement of Direct Loan Origination Services Costs: This credit balance account is maintained to record the reimbursements from ED for origination services costs. Currently, funds come directly to the institution via ACH/EFT and are deposited directly to the institution's bank account. This amount is set by law.

Debit this account for:

- Closing entry at end of the accounting period (contra account # 7-2).

Credit this account with:

- ACH/EFT payments for ED for origination services costs (contra account # 1-1).

7 - 1 Funds Advanced to Borrowers: This debit balance account is maintained to record payments made to students or parents for loans. This account may be further subdivided to separate disbursements for PLUS, subsidized, and unsubsidized loans.

Debit this account for:

- Loan payments made to students or students' parents (contra account # 1-1).

Credit this account with:

- Recoveries from loan recipients (contra account # 1-1).
- Closing entry at end of accounting fiscal year for the total amount of loan disbursements made to students or students' parents for the accounting period (contra account # 6-1).

Accounting Practices for EFT: Federal Family Education Loan (FFEL) Program

1 - 1 Cash, FFEL Account: All receipts and disbursements of Federal Family Education Loan (FFEL) funds are recorded in this account. These funds are not part of the GAPS system, as the funds come directly from lenders to the institution by lenders' EFT systems.

- Debit - Cash received from lenders (contra account # 3-1).

1 - 2 Cash Returned to Lenders: This account is used to account for funds returned to lenders and is separate from funds disbursed to students.

- Credit - Cash returned to lenders (contra account # 3-1).

1 - 3 Cash Disbursed to Borrowers: This account shows funds actually disbursed to students or parents for loans.

- Credit - Cash disbursed to borrowers (contra account # 3-1).

1 - 4 Cash - Interest Earnings: This account may be used to record interest earnings from investing the float on FFEL funds. Institutions may decide to deposit the interest earnings directly into an operating account.

- Debit - For interest earned (contra account # 6-1).
- Credit - Interest earnings from investment of FFEL funds transferred to the institution (contra account # 6-1).

3 - 1 FFEL Trust Account: This account is used to record funds that the institution holds for borrowers.

- Debit - Funds disbursed to borrowers or returned to lenders (contra accounts # 1-2 or 1-3).
- Credit - Funds received from lenders (contra account # 1-1).

6 - 1 Interest Earnings from Investment of FFEL Funds: The institution must closely adhere to required time frames for disbursing funds and returning undisbursed funds.

- Debit - Cash, interest earnings transferred to the institution (contra account # 1-4).
- Credit - Interest earnings from investment of FFEL funds (contra account # 1-4).

5.4 Internal Control: Checks and Balances

To participate in federally funded student financial aid programs, an institution must be able to demonstrate that adequate checks and balances are in place in its system of internal control. A system of internal control should, at a minimum, include:

- separating the functions of authorizing and disbursing Title IV program funds;
- taking a trial balance (to determine whether accounts are in balance);
- reconciling cash (a reconciliation between book and bank balances for cash); and
- reconciling federal funds (a reconciliation between bank accounts and federally reported balances for cash).
- maintaining adequate Electronic Data Processing (EDP) Controls

**Reference:**

- See Section 2.4 of this book

Separation of Functions

The institution should use its internal or external auditors to periodically verify that the systems of checks and balances have been properly designed and are being followed routinely.

To be effective, taking a trial balance should be performed at least monthly and reconciling cash should be performed when bank statements are received or at least monthly. All Federal Work-Study, Federal Perkins Loan, and Direct Loan accounts are required to be reconciled monthly.

A further control in the system is the requirement that the institution maintain documentation to show that aid was appropriately applied to institutional charges and that remaining aid was delivered to the student.

According to regulations, institutions must separate the functions of authorizing payment of and disbursing Title IV funds. Separation of functions is a fundamental control concept in financial aid administration. The financial aid administrator (or office) is charged with the responsibility for authorizing disbursement by awarding aid through the need analysis and packaging processes. The awarded-aid information is then turned over to a business officer (or office) who, in turn, is responsible for disbursing the aid by applying it to institutional charges and/or delivering it to students.

There should be a segregation of functions that provides that the person within the institution who reconciles cash and reconciles federal funds does not also receive cash or perform disbursement functions. The person performing reconciliations should receive bank statements and Direct Loan reconciliation reports directly from the respective sources. Supervisory approval of the completed reconciliations should be obtained and evidenced on the forms.

Trial Balance

A trial balance is the confirmation that debit and credit balances are equal. A trial balance for federal student financial aid programs is a confirmation that accounts receivable, program expenditures, and the cash balance equal the amount authorized.

A trial balance worksheet for federal student financial aid programs appears on pages 5-50 and 5-51.

Reconciliation of Cash

Because cash is more susceptible to manipulation than other assets, multiple checks and balances are necessary for effective internal control of cash.

Reconciliation of cash is a confirmation that the cash amount shown in accounting records is in agreement with the amount reflected in the bank statement. Differences between accounting records and the bank statement balance can be caused by timing variances, errors, or unrecorded entries. The reconciliation process can lead to adjusting entries for:

- bank service charges;
- non-sufficient funds (NSF) checks;
- debit and/or credit memoranda; and
- error corrections.

Reconciliation also provides a means for identifying and correcting these errors. The person performing the reconciliation should be trained to recognize and report possible sources of errors:

- delays in deposit;
- checks outstanding for long periods of time;
- irregularities in transfers and adjustments; and
- deviations with cancelled checks (payee, signature, or endorsement).

The prompt and thorough performance of cash reconciliation duties enhances the system of internal control.

Beginning on page 5-52, there is a worksheet that can be used, on a monthly basis, to reconcile cash for federal student financial aid programs. If an institution maintains separate bank accounts for each program, this process should be performed for each program.

Reconciliation of Federal Funds

Reconciliation of federal funds is a balancing of funds received from the beginning of a school's participation in a program to the totals currently recorded in the school's accounts. In addition, the reconciliation process should check reported expenditures among the trial balance report, GAPS, FISAP, Direct Loan reconciliation report, and the audit report. Differences among these records should be resolved.

One of the purposes of an audit is to check that all reconciliations have been performed. Institutions should not view the audit as a time to perform reconciliations.

The form on page 5-53 can be used to reconcile federal funds.

Monthly Direct Loan Reconciliation

When an institution initially signs up to participate in the Direct Loan Program, it must decide the “as-of-date” each month that the institution will use to reconcile loan records with the Direct Loan Origination Center (LOC). Reconciliation must be performed each month using the same “as-of-date.” In the Direct Loan Program, there are two types of transactions to be reconciled:

- cash transactions and
- loan transactions that affect cash.

With cash transactions, the institution must reconcile cash drawdowns and returns of excess cash with the LOC. The reconciliation requires that the institution’s financial accounting system and other systems, such as the student account receivable system, financial aid system, and the Direct Loan system, all be reconciled.

Loan transactions that have affected cash disbursements and adjustments are also matched with the LOC. The loan transaction process is actually a data-verifying and editing process, primarily between the school’s Direct Loan system and LOC records. This process matches disbursements and adjustments to the LOC files.

The institution receives a monthly report, the Direct Loan School Account Statement (DLSAS), from the LOC indicating which loans are reconciled and which loans are not reconciled. The report provides error messages indicating the reason the loan records are not reconciled. To be reconciled, a loan must be “booked.” That is, the Direct Loan Servicing Center (DLSC) must have received and accepted a loan origination record; the borrower must have signed a promissory note, and the LOC must have accepted the promissory note; and a first disbursement record must have been transmitted and accepted by the LOC). If a loan is not booked, it will not reconcile. Normally, unreconciled items result from timing errors, such as a batch of loan data that was not included in a month-end close or a batch of loan data that was shipped to the DLSC at the end of the month and rejected. The institution’s reports from the Direct Loan software and DLSC reports are used to compare the data in the two systems.

Electronic Data Processing (EDP) Controls

Electronic Data Processing (EDP) controls ensure the integrity and reliability of data. EDP controls encompass:

- operating procedures,
- software security,



- data access,
- program modification,
- segregation of computer security duties and responsibilities,
- backup and recovery plans, and
- physical computer security.

Specific EDP security controls should include the following:

- written security policies and procedures for the proper operation of information systems down to the user level;
- issuing unique user IDs and passwords to each employee to ensure individual user accountability;
- granting appropriate levels of access to staff who need access and limit that access to only the functions necessary to perform assigned duties;
- informing authorized users of proper system use and have users acknowledge their responsibilities by signing their name to an acknowledgement statement;
- adequate software security controls and audit capability to actively monitor and record user and system activity that is sufficient enough to indicate or detect possible misuse, abuse, or unauthorized activity on the system; *and*
- adequate provisions for system and file back-up, contingency, disaster recovery, and business resumption.

Other Checks and Balances

There are a number of other types of checks and balances that can be built into a system administering student financial aid. Some important types are:

- input controls,
- subsidiary records reconciliation, and
- a clear audit trail.

Input Controls: As input transactions are being entered into a school's financial aid system, a record of the number of entries and the dollar

amount of entries should be recorded. This type of batch control is necessary whether manual or automated systems are involved. After all updates for a processing cycle have been completed, the updated totals should be checked to ensure that all batches (entries) have been entered. This type of control serves two purposes: It ensures that batches are not lost, and it provides control against unauthorized transactions being entered into the system.

Subsidiary Records Reconciliation: All accounts should be backed up by subsidiary ledger detail. Although taking a trial balance can be used to ensure that all accounts balance in the aggregate, it does not guarantee that there is sufficient evidence that subsidiary records exist to support the totals in each account. Errors can exist when changes or corrections are made to control accounts without corresponding adjustments being made to subsidiary records. Reconciliations between accounts and subsidiary records detail should be performed at least monthly and should be conducted on a more frequent basis during periods of high transaction volume. As mentioned earlier, most Title IV programs require monthly reconciliations.

Clear Audit Trail: A key element in any system of checks and balances is maintaining a clear (easily followed) audit trail. Records of all transactions entered into the system must be maintained. Adequate documentation requires proper approval of all transactions, a record of who was responsible for entering the transaction, when the transaction was prepared and posted, and a complete record of the transaction itself.

Trial Balance Worksheet for Title IV Programs

Balance as of _____

<i>Account Names</i>	<i>Debit</i>	<i>Credit</i>
GAPS		
Cash Control, GAPS*		xxxxxx
Accounts Receivable, GAPS	xxxxxx	
	-----	-----
Total, GAPS	xxxxxx	xxxxxx
	=====	=====
NFC Accounts		
Cash Unremitted to NFC	xxxxxx	
Due from School	xxxxxx	
Accounts Payable, NFC		xxxxxx
	-----	-----
Total, NFC	xxxxxx	xxxxxx
	=====	=====
Federal Pell Grant Program		
Cash, Federal Pell Grants	xxxxxx	
Transfer from GAPS		xxxxxx
Federal Reimbursement of Pell Administrative Cost Allowance		xxxxxx
Student Grants Paid	xxxxxx	
Pell Administrative Cost Allowance Paid to Institution	xxxxxx	
	-----	-----
Total, Federal Pell Grant Program	xxxxxx	xxxxxx
	=====	=====
Federal Supplemental Education Opportunity Grant (FSEOG) Program		
Cash, FSEOG	xxxxxx	
Transfer from GAPS		xxxxxx
Institution's Cash Contribution		xxxxxx
Institution's Non-Cash Contribution (Memo Account)		xxxxxx
FSEOG Grants Paid	xxxxxx	
FSEOG from Non-Cash Contribution (Memo Account)	xxxxxx	
FSEOG Administrative Cost Allowance Paid to Institution	xxxxxx	
	-----	-----
Total, FSEOG Program	xxxxxx	xxxxxx
	=====	=====

(continued next page)

*The cash-control account will have a credit balance if the drawdown amount is less than the disbursed amount. The cash control account may have a debit balance if the drawdown amount exceeds the disbursed amount. Both of these are timing differentials.

Trial Balance Worksheet for Title IV Programs (cont'd)

<i>Account Names</i>	<i>Debit</i>	<i>Credit</i>
Federal Work-Study (FWS) Program		
Asset Accounts, FWS	xxxxxx	
Liability Accounts, FWS		xxxxxx
Income Accounts, FWS		xxxxxx
Expense Accounts, FWS	xxxxxx	
	-----	-----
Total, FWS Program	xxxxxx	xxxxxx
	=====	=====
Federal Perkins Loan Program		
Asset Accounts, Perkins	xxxxxx	
Asset Reduction Accounts, Perkins		xxxxxx
Federal Fund Balance		xxxxxx
Institutional Fund Balance		xxxxxx
Income Accounts, Perkins		xxxxxx
Expense Accounts, Perkins	xxxxxx	
	-----	-----
Total, Federal Perkins Loan Program	xxxxxx	xxxxxx
	=====	=====
William D. Ford Direct Loan Program		
Cash, Federal Direct Loans	xxxxxx	
Accounts Receivable, GAPS	xxxxxx	
Income from GAPS		xxxxxx
Federal Reimbursement of Direct Loan Origination Services Costs		xxxxxx
Direct Loan Funds Advanced to Borrowers	xxxxxx	
Payment for Origination Services (POS) Paid to Institution	xxxxxx	
	-----	-----
Total, Federal Direct Loan Program	xxxxxx	xxxxxx
	=====	=====
Federal Family Education Loan (FFEL) Program		
Cash, FFEL Account	xxxxxx	
Cash Returned to Lenders		xxxxxx
Cash Disbursed to Borrowers		xxxxxx
Cash, Interest Earnings	xxxxxx	
FFEL Trust Account		xxxxxx
Interest Earnings from Investment of FFEL Funds		xxxxxx
	-----	-----
Total, Federal Family Education Loan (FFEL) Program	xxxxxx	xxxxxx
	=====	=====
Prepared by _____	Date _____	
Approved by _____	Date _____	

Reconciliation of Cash for the Month of _____ Year _____

	<i>Beginning Balance</i>	<i>Deposits</i>	<i>Disburse- ments</i>	<i>Ending Balance</i>
Balance Per Bank Statement	xxxxx	xxxxx	xxxxx	xxxxx
Deposits in Transit:				
Last Month	xxxxx	(xxxx)		xxxxx
This Month		xxxxx		xxxxx
Outstanding Checks:				
Last Month	xxxxx		(xxxx)	xxxxx
This Month			xxxxx	xxxxx
Unrecorded Charges (Unrecorded Credits) (explain below)			xxxxx (xxxx)	xxxxx (xxxx)
	-----	-----	-----	-----
Balance Per Books	xxxxxx =====	xxxxxx =====	xxxxxx =====	xxxxxx =====

Prepared by _____

Date _____

Approved by _____

Date _____

Reconciliation of Federal Funds for Quarter/Month Ended_____

Cumulative Cash as of Last Quarter	xxxxxx	
Cash Received This Quarter		xxxxxx

Cumulative Cash Received		xxxxxx
Net Disbursement for Prior Years	xxxxxx	

Changes to Prior Year Disbursements	xxxxxx	xxxxxx

Total Adjusted Prior Year Disbursements	xxxxxx	
Net Disbursements This Year	xxxxxx	

Cumulative Cash Disbursements	xxxxxx	(xxxxxx)
	=====	-----
Calculated Cash on Hand		xxxxxx
Balance Per Bank Statement	xxxxxx	
Adjustments:		
Outstanding Checks	(xxxxxx)	
Deposits in Transit	xxxxxx	
Other Adjustments	xxxxxx	
Total Adjusted Balance Per Bank	xxxxxx	(xxxxxx)
	=====	-----
Difference (should be zero)		-0-
		=====

Prepared by _____

Date _____

Approved by _____

Date _____