

School Monitoring Issues and Actions (June 2007)

The actions described in the table below will not be taken if the issue resulted from a Common Origination and Disbursement (COD) System problem that has been reported to and tracked by the COD School Relations Center.

Certain terms (marked in **bold** the first time they are used) are defined at the end of the table.

Issue	Action
Schools with Unsubstantiated Balance(s) or Unbooked Loan Balance(s) , greater than 30 days	<p>The COD School Relations Center will remind a school weekly via e-mail or phone call.</p> <p>The school's Customer Service Representative or Reconciliation Representative will contact the school to offer assistance and remind the school to resolve the outstanding balance as soon as possible.</p>
Schools with Unsubstantiated Balance(s) for Current Year(s), greater than 60 days	<p>The Direct Loan Operations Team will mail a Freeze Cash Letter to the President and Financial Aid Director of the school. A copy of this letter will be forwarded to Federal Student Aid's School Eligibility Channel.</p> <p>When this letter is mailed, the Direct Loan Operations Team will enter a manual review flag into the Grant Administration and Payment System (GAPS) for all current award years. This means that all funding requests will be held until the unsubstantiated balance is fully substantiated.</p> <p>Once the unsubstantiated balance is resolved, all pending payments will be released and the manual review flag will be removed. The school will be notified in writing that the manual review flag has been removed.</p>
Schools with Unsubstantiated Balances for Current Year(s), greater than 90 days	<p>The Direct Loan Operations Team will mail a Call For Cash Letter to the President and Financial Aid Director of the school. A copy of this letter will be forwarded to Federal Student Aid's School Eligibility Channel.</p> <p>Upon receipt of this letter, the school will be required to send full payment of the unsubstantiated balance to the Department within 30 days. The manual review flag will also remain in place.</p> <p>Once the unsubstantiated balance is resolved, the Direct Loan Operations Team will remove the manual review flag. The school will be notified in writing that the manual review flag has been removed. However, the school's Current Funding Level will be limited. This means that money will not be available for the school to draw down until the COD System accepts actual disbursement records.</p>

Issue	Action
<p>Schools with Unbooked Loan Balance(s), greater than 30 days</p>	<p>The Direct Loan Operations Team will mail a Change in School Processing Option Letter to the President and Financial Aid Director of the school. A copy of this letter will be forwarded to Federal Student Aid’s School Eligibility Channel.</p> <p>The Direct Loan Operations Team will then change the “Disbursements Funded Without Accepted Pnote” option flag in the COD System to “N”. This option change means that the school will not have actual disbursements accepted in the COD System until a valid MPN is accepted and on file. <i>This change will not be reversed.</i></p> <p>If the unbooked loan balance is not resolved within 45 days of the first letter, the Direct Loan Operations Team will mail an immediate Freeze Cash Letter to the President and Financial Aid Director of the school. A copy of this letter will be forwarded to Federal Student Aid’s School Eligibility Channel.</p> <p>When this letter is mailed, the Direct Loan Operations Team will enter a manual review flag into the GAPS for all current award years. This means that all funding requests will be held until the unbooked loan balance is resolved.</p> <p>Once the unbooked loan balance is resolved, all pending payments will be released, and the manual review flag will be removed. The school will be notified in writing that the manual review flag has been removed.</p>
<p>Definitions</p> <p>Call for Cash: immediate payment of unsubstantiated cash must be made to the Department.</p> <p>Freeze Cash: a manual review flag (explained below) limits the ability to draw down funds.</p> <p>Manual Review Flag: an indicator in the GAPS that prevents the processing of drawdowns. The GAPS will accept drawdown requests, but they will not be processed until the Direct Loan Operations Team releases the payment.</p> <p>Substantiated (Cash): cash that has been accounted for by accepted actual disbursement records. Fully substantiated means that all drawdowns equal accepted actual disbursements.</p> <p>Unbooked Loan Balance: the total amount of accepted Direct Loan awards with actual disbursements that are not linked to an MPN for more than 30 days.</p> <p>Unsubstantiated Balance: cash drawn down by the school more than 30 days earlier that has not been accounted for by accepted actual disbursement records.</p>	