

June 2007

DLB-07-11

Subject: School Monitoring Process (Updated for 2007; Supersedes DLB-05-14)

Dear Partner:

Program integrity and fiscal responsibility are of primary importance to the Department of Education (the Department) and Federal Student Aid. In the Direct Loan Program, ensuring that loan records, disbursement records, and Master Promissory Notes (MPNs) are submitted in a timely manner is critical to fulfilling these objectives. The Federal regulations that relate to the drawing down of funds and Direct Loan reporting requirements include 34 CFR 668.162(b) and 34 CFR 685.301(d).

The Direct Loan Operations Team and the COD School Relations Center review all school processing to identify schools that appear to have problems with timely submission of loan records, disbursement records, and MPNs. We refer to this review as school monitoring.

Through school monitoring, the Direct Loan Operations Team and the COD School Relations Center review unsubstantiated cash balances, unbooked loan balances, and closeout status, among other things. E-mails and phone calls go out regularly to serve as notices of potential problems.

Most schools are not directly affected by school monitoring. However, based on school monitoring, some schools may be assigned other Direct Loan processing options to assist in improving their reporting performance. If a school cannot resolve an issue in a timely manner, several actions may be taken under the authority of 34 CFR 668.161(b), 34 CFR 668.166(a), and 34 CFR 685.308(a)(1) and (c) to improve the school's reporting performance. We explain these actions in the "School Monitoring Issues and Actions" document attached to this bulletin.

School monitoring is not designed to penalize schools. Rather, it is a means to assist schools in complying with the regulations that help ensure program integrity and fiscal responsibility. If you have any questions related to this bulletin or the school monitoring process, contact the COD School Relations Center at 800/848-0978 or send an e-mail to CODSupport@acs-inc.com.

Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

William Leith
Acting General Manager, Application, Operations and Delivery Services

Attachments/Enclosures:

School Monitoring Issues and Actions in Microsoft Word Format
School Monitoring Issues and Actions in PDF Format