

William D. Ford Federal Direct Loan (DL) Program – System Balancing of Loan Origination (LO) to the Financial Accounting and Reporting System (FARS)

How does the System Balancing of Loan Origination to FARS process work?

The process involves 4 steps:

1. Preparing the monthly reconciliation worksheet
2. Preparing a schedule E report
3. Sending the Schedule E to CFO/AD
4. CFO AD reviewing and filing the Schedule E

What does this document do?

This document describes the system balancing process of Loan Origination to FARS. All financial data processed in Loan Origination is matched to the data posted in FARS on a monthly basis. Each reporting entity provides separate schedules (reports) to Affiliated Computer Services (ACS) Accounting Staff for their acceptance, rejection and receipt of each financial transaction type and their respective dollar amount. After receiving the necessary schedules, the accounting staff is responsible for the preparation of the Schedule E for each trading partner. The Schedule E compares the FARS database against the partner database.

What is the policy on the system balances between Loan Origination and FARS?

The Loan Origination transactions should be reconciled to FARS to verify that the transactions in the Loan Origination are being accurately posted to the FARS.

Who must follow the procedures in this document?

All members of ACS, as an agent for SFA under the Chief Financial Officer (CFO) – Accounting Division (AD), must comply with these procedures for the process to which it relates.

4 Basic steps System Balancing of Loan Origination to FARS:

1) Prepare Monthly Reconciliation worksheet As an ACS Accounting Staff member you must

When?
Monthly

- a) Reconcile Loan Origination data from LO to the Direct Loan Servicing System (DLSS). The transactions reconciled will be FLA, FLB, FLC, FLD, FCA
- b) Get a copy of Loan Servicing's CI310 Report after month end. This report is the Loan Servicing System Balancing Report. This report will account for all financial transactions sent to Loan Servicing by LO and accepted by Loan Servicing.
- c) Get a copy of Sections 1 and 2 of the Monthly LO System Balancing Report
- d) Get a copy of Loan Servicing's SC100R1 and Schedule B Reports
- e) Complete the Monthly LO/DLSS spreadsheet.
- f) Prepare Unresolved Error File Monthly Activity Worksheet
- g) Identify timing difference batches between LO and DLSS. Previous month timing difference batches have been identified from the previous month reconciliation. Use LO System Balancing Report to determine batches sent by LO but not acknowledged by DLSS within the month.
- h) Use the Schedule B LO301 – Express Refinancing Report to determine Express Refinance amounts
- i) Determine DLSS Work-In-Process Amounts. This calculation is the difference between DLSS Accepted (from C310) and DLSS Booked (from SC100 + CF059). This will not be a calculated amount until after receiving the new DLSS Schedule C.
- j) After all adjustments have been made, LO Accepted, DLSS Accepted and DLSS Processed should have the same balance.
- k) Identify FLB's changed to FLA's. Compare LO System Balancing Report Section 2 with DLSS CI310 Report to determine the amount of FLB's changed to FLA's. Usually it is a separate batch (only if there is a difference).

**Student Financial Assistance (SFA)
Chief Financial Officer (CFO)**

2) Preparing a Schedule E

As an ACS member you must

**When?
Monthly**

- a) Receive e-mail from LO containing Schedules A, B, and C. They are LO-SB020, LO-SB030 and LO-SB040.
- b) Get LO System Balancing Report Section 1
- c) Determine LO Activity from LO-SB030, page 1 – Current Month Activity
- d) Determine LO Variance from LO-SB030, page 2 – Current Month Variance
- e) Determine LO Activity from LO System Balancing Report Section 1. In the future, use LO Schedule A (CDF00PB).
- f) Determine FARS Activity from FARS Schedule B (CDFG00PB).
- g) Multiply 41-44E1, (Excess Cash Summary) from Report 600, transactions by negative 2 to correct LO positive/negative reporting error.
- h) Multiply 16-30-00, (EDS Excess Cash) from Report 600, transactions by negative 2 to correct LO positive/negative reporting error
- i) Compute LO Timing – Beginning of the Month – Take all previous month transactions from LO System Balancing Section 1. Multiple by negative 1 and use that amount as the timing difference. Record data in LO and FARS Columns.
- j) Compute LO Timing – End of the Month – Run LO Daily Section 1 Query for the first two cycles of the new month. Put as timing difference any transactions with reconciliation month batch date. Record data in LO and FARS columns.
- k) Subtract Financial Express Transactions. Use FARS Schedule C (CDF00PB) Partner LO0201 to determine those amounts.
- l) Allocate LO from LO-DLSS WIP Monthly Worksheet computed in Step 1.
- m) Identify any manual postings in FARS using query JPLMANUL.
- n) Prepare DLSFF705 Recycle File Monthly Activity Worksheet
- o) Verify that Ending Balances are equal.

3) Sending the Schedule E to CFO/AD

As an ACS accounting staff member you must

**When?
Monthly**

- a) Send the Schedule E and all supporting document to CFO AD

4) CFO AD reviewing and filing the Schedule E

As an CFO AD staff member you must

**When?
Monthly**

- a) Compare the data on the Schedule E to supporting documentation
- b) Review the Schedule E for unusual variances.
- c) Review unusual variances with ACS staff
- d) Fill the Schedule E and supporting documentation