

# Requirements for Pell Grant Reconciliations

By Lisa R. Saul, Partner and Uniform Guidance Director

On February 9, 2023, the U.S. Department of Education (ED) Federal Student Aid (FSA) office issued [an announcement \(GRANTS-23-01\)](#) with information to assist higher education institutions with reconciling the Federal Pell Grant Program. This information applies to your institution’s financial aid and business offices.

GRANTS-23-01 updates the information the FSA released in GRANTS-22-01 in January 2022 by adding answers to common questions such as what items should be verified during the reconciliation process and what tools are available to assist with Pell Grant reconciliation.

As GRANTS-23-01 states, reconciliations between ED’s records and the institution’s records should be performed consistently. ED recommends that internal reconciliations be done at least monthly, but *requires* that reconciliations between its records and the institution’s records be done monthly.

This chart summarizes the types of reconciliations and their recommended frequency and resolution:

Reconciliation	Frequency	Resolution
<b>Internal Reconciliation:</b>		
Compare the financial aid office’s roster of scheduled and actual disbursements to a cash detail report from the business office that shows monthly draws from G5 and disbursements.	Monthly (recommended).*	Document and resolve any discrepancies in a timely manner.
<b>External Reconciliation:</b>		
Compare the institution’s reconciled records to ED’s records of funds received and returned and disbursements of cash balances from the Common Origination and Disbursement (COD) system. (Note: Institutions that complete the internal reconciliation before the external reconciliation will have fewer differences in the external reconciliation.)	Monthly, at a minimum.*	<p>Ensure that data is correct in all systems and cash management and that disbursement reporting timelines are being met.</p> <p>ED provides various resources to assist with this reconciliation in its <a href="#">Pell Grant Program Reconciliation Questions and Answers</a> document. This document also addresses other questions related to Pell reconciliations.</p>

<b>Final Reconciliation:</b>		
Perform a final reconciliation after all scheduled disbursements have been made for the award year.	Within the applicable data submission (closeout) deadline as well as immediately following processing of any additional data (i.e., eligible late disbursements or disbursement adjustments made within the regulatory timeframes, but which occur after the data submission deadline.)	<p>The institution must ensure that all data is correct and the total net drawdowns equal net accepted and posted disbursements (NAPD) in the COD System.</p> <p>Note that information about the data submission (closeout) deadline is published annually in a Federal Register notice (<a href="#">86 FR 33245 pp 33245-33249</a> for 2021 – 2022), generally at the end of September following the end of the award year.</p> <p>The funding cancellation deadline is five years after the data submission (closeout) deadline for the award year.</p>

Failure to complete these reconciliations within the recommended timelines could result in the inability to finalize the award year on a timely basis. In addition, unreconciled Pell Grant activity could negatively impact a student’s lifetime Pell limits (i.e., being over the limits), resulting in the student becoming ineligible for further aid. It could also result in a reportable condition in the institution’s annual Uniform Guidance Audit.

It is critical for individuals in your financial aid and business offices to understand these requirements and the procedures that address them to maintain your institution’s Pell funding.

Please [contact us](#) with any questions.

\*If the institution has monthly Pell activity. If not, it is only required in the months that the institution has Pell activity.

*This article has been updated.*

**Additional Resource:**  
[Requirements for Mandatory Direct Loan Reconciliations](#)

## About the Author

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Lisa joined CapinCrouse in 1999. She has over 20 years of experience in performing and supervising Uniform Guidance audits of Department of Education student financial aid programs and a variety of federal funding, as well as program audits and agreed-upon procedure engagements of various state-funded programs. Lisa oversees the firm's more than 80 Uniform Guidance audits.

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