



CLAYTON STATE UNIVERSITY MORROW, GEORGIA

**INDEPENDENT ACCOUNTANTS
REPORT ON APPLYING AGREED-
UPON PROCEDURES
FOR FISCAL YEAR ENDED
JUNE 30, 2019**

**A Member Institution of the
University System of Georgia**



CLAYTON STATE UNIVERSITY

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DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN
STATE AUDITOR
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Independent Accountant's Report on Applying Agreed-Upon Procedures

Members of the State Board of Regents of the
University System of Georgia
and
Dr. Thomas Hynes, President
Clayton State University

Ladies and Gentlemen:

We have performed the procedures enumerated below, which were agreed to by Clayton State University and the University System Office of the Board of Regents of the University System of Georgia, solely to assist you in evaluating compliance with federal student financial assistance regulations and meeting the requirements of COC Comprehensive Standard 13.6 for the year ended June 30, 2019. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Also included in this report is a section on findings and other matters that came to our attention during our engagement.

The procedures for each Student Financial Assistance Cluster compliance requirement and the associated findings are as follows:

1. Complete applicable procedures reflected in the 2019 OMB Compliance Supplement for the Activities Allowed or Unallowed compliance requirement.

We did not note any exceptions as a result of our procedures.

2. Complete applicable procedures reflected in the 2019 OMB Compliance Supplement for the Cash Management compliance requirement.

Upon review of cash drawdowns and disbursements related to the Federal Direct Loan program, excessive cash balances were noted for 23 days in the fiscal year. Provisions included in 34 CFR 668.166(a) state, "The Secretary considers excess cash to be any amount of Title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution received those funds from the Secretary."

3. Complete applicable procedures reflected in the 2019 OMB Compliance Supplement for the Eligibility compliance requirement.

Our review of the established internal control structure associated with the student information system at the Institution revealed design deficiencies in logical access controls intended to protect information from unauthorized access, manipulation and corruption. The details related to these deficiencies have been provided to management of the Institution in accordance with Official Code of Georgia Annotated §50-6-9.

4. Complete applicable procedures reflected in the 2019 OMB Compliance Supplement for the Matching, Level of Effort, Earmarking compliance requirement.

We did not note any exceptions as a result of our procedures.

5. Complete applicable procedures reflected in the 2019 OMB Compliance Supplement for the Reporting compliance requirement.

We did not note any exceptions as a result of our procedures.

6. Complete applicable procedures reflected in the 2019 OMB Compliance Supplement for the Special Tests and Provisions compliance requirement.

See FA-2019-001 in the Schedule of Findings and Questioned Costs for a detail of exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which is to express an opinion or conclusion, respectively, on the Federal Student Aid compliance requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Clayton State University, the University System Office of the Board of Regents of the University System of Georgia and the Southern Association of Colleges and Schools – Commission on Colleges and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,



Greg S. Griffin
State Auditor

February 18, 2020

CLAYTON STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2019-001

Improve Controls over the Return of Title IV Funds Process

Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U. S. Department of Education
Pass-Through Entity: None
CFDA Numbers and Titles: 84.007 – Federal Supplement Educational Opportunity Grants
84.033 – Federal Work-Study Program
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans Program
Federal Award Numbers: P007A180982 (Year: 2019), P033A180982(Year: 2019),
P063P183136 (Year: 2019), P268K193136 (Year: 2019)
Questioned Costs: \$1,704.97

Description:

The Institution did not properly perform the refund process to ensure that unearned Title IV funds were returned in a timely manner.

Criteria:

Provisions included in 34 CFR 668.22 provide requirements over the treatment of Title IV funds when a student withdraws. The Institution is required to determine the amount of Title IV funds that the student earned as of the student's withdrawal date when a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of the Title IV grant or loan assistance, or both, that the student earned is less than the amount of the Title IV grant or loan assistance that was disbursed to the student as of the withdrawal date.

Condition:

A sample of 25 students who received student financial assistance (SFA) for the Fall 2018 and Spring 2019 semesters and withdrew from the Institution was randomly selected for testing using a non-statistical sampling method. The students' Return of Title IV calculations were reviewed to ensure that the refunds were calculated and returned in the correct amount to the proper funding agency and/or student in a timely manner. The following deficiencies were noted:

- The refund calculation for ten students who withdrew during the Fall 2018 semester and one student who withdrew during the Spring 2019 semester was calculated incorrectly due to the use of improper scheduled break days and withdrawal dates. One student was requested to return \$1,704.97 less than the required amount to various SFA programs, and ten students were requested to return \$806.52 more than the required amount to various SFA programs.
- The proration between the school and student portion of the refund was incorrect for eight students who withdrew during the Fall 2018 semester and one student who withdrew during the Spring 2019 semester.
- Funds were not returned to the appropriate grantor programs within the required time frame for one of the withdrawn students tested.

CLAYTON STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Questioned Costs:

Questioned costs of \$1,704.97, with likely questioned costs of \$49,335.54, were identified for refunds calculated incorrectly. The following CFDA numbers are affected by the known and likely questioned costs: 84.063 and 84.268.

Cause:

In discussing these deficiencies with management, they stated that the variances associated with the Fall 2018 Return of Title IV calculations were related to an omission and lack of administrative oversight and the variance associated with the Spring 2019 Return of Title IV calculation was the result of a data entry error.

Effect or Potential Effect:

This deficiency may expose the Institution to unnecessary financial strains and shortages. The school's portion of the refunds that were not calculated correctly must be returned to the U.S. Department of Education. Though the Institution may attempt to collect the funds from individual students affected by the error, these collection efforts could be unsuccessful as the students may no longer attend the Institution and/or fail to repay the funds. Additionally, the Institution was not in compliance with Federal regulations concerning performing Return of Title IV calculations for withdrawn students.

Recommendation:

The Institution should revise and implement procedures to ensure that student financial aid refunds are properly calculated and that unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments 1998, Public Law 105-244. The Institution should also contact the U.S. Department of Education regarding resolution of the finding.

Views of Responsible Officials:

We concur with this finding.

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS

FA-2019-001

Improve Controls over the Return of Title IV Funds Process

Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance
Federal Awarding Agency: U. S. Department of Education
Pass-Through Entity: None
CFDA Numbers and Titles: 84.007 – Federal Supplement Educational Opportunity Grants
84.033 – Federal Work-Study Program
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84.268 – Federal Direct Student Loans Program
Federal Award Numbers: P007A180982 (Year: 2019), P033A180982(Year: 2019),
P063P183136 (Year: 2019), P268K193136 (Year: 2019)
Questioned Costs: \$1,704.97

Description:

The Institution did not properly perform the refund process to ensure that unearned Title IV funds were returned in a timely manner.

Corrective Action Plans:

The institution concurs with this finding and these are isolated incidents. We will complete dual R2T4 calculations. The R2T4 calculation will be performed by the Financial Aid team member and by the Bursar's Office team member to confirm the R2T4 calculation and return amount.

Estimated Completion Date:

12/17/2019

Contact Person: Lakisha Sanders

Title: Director Financial Aid

Phone Number: 678-466-4181

Email: LakishaSanders@clayton.edu



President
Clayton State University