



REPORT ON REVIEW AND FEDERAL COMPLIANCE PROCEDURES • FISCAL YEAR 2023

Georgia Highlands College

Rome, Georgia

Greg S. Griffin | State Auditor



DOAA
Georgia Department
of Audits & Accounts

REVIEW SUMMARY

We have reviewed the financial statements of the business-type activities and the fiduciary funds of Georgia Highlands College, as of and for the year ended June 30, 2023, and issued our report thereon, dated September 13, 2023. We conducted our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Our Independent Accountant's Review Report, included in the Georgia Highlands College's Consolidated Annual Financial Report, is available on the Georgia Department of Audits and Accounts' website at www.audits.ga.gov/ and on the Georgia Highlands College's website at www.highlands.edu.

We have performed the procedures on compliance with federal student financial assistance regulations reflected within the 2023 OMB Compliance Supplement for the year ended June 30, 2023. Georgia Highland College is responsible for complying with federal student financial assistance regulations reflected within the 2023 OMB Compliance Supplement. Georgia Highland College has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance with federal student financial assistance regulations as reflected in the 2023 OMB Compliance Supplement and meeting the requirements of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) as reflected in the SACSCOC Principles of Accreditation, Section 13.6 for the year ended June 30, 2023.

Our procedures on compliance with federal student financial assistance regulations found deficiencies in internal control over compliance and/or instances of noncompliance or other matters applicable to the Georgia Highland College, as described in the accompanying schedule of Current Year Findings and Questioned Cost under the heading Federal Award Findings and Questioned Costs. The finding identified in our procedures is reported in the State's Single Audit Report in accordance with Title 2 CFR 200.516(a).

Our review of the University found:

- we are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America; and
- no financial reporting findings that require management's attention.

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None Noted

FINDINGS AND QUESTIONED COSTS

FA 2023-001 Improve Controls over the Return of Title IV 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
AL Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.033 – Federal Work-Study Program 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans
Federal Award Numbers:	P007A220998 (Year: 2023), P033A220998 (Year: 2023), P063P223197 (Year: 2023), P268K233197 (Year: 2023)
Questioned Costs:	\$5,037

Description:

Georgia Highlands College did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Background Information:

Student financial assistance, or Title IV, funds are awarded by Georgia Highlands College (College) to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student. Up through the 60% point in each period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the period of enrollment, a student is considered to have earned 100% of the Title IV funds the student was scheduled to receive during the period.

The R2T4 calculation is prepared using the following information associated with the period of enrollment:

- The student's Title IV aid information, including amounts disbursed and amounts that could have been disbursed,
- The withdrawal date and scheduled start date, end date, and break days, and
- Institutional charges, including tuition, fees, room, board, books, supplies, materials, and equipment.

An unofficial withdrawal is one in which the College has not received notice from the student that the student has ceased or will cease attending the school. Schools must have a procedure in place to determine when a student who began attendance and received or could have received an initial disbursement of Title IV funds officially withdrew. For these unofficial withdrawals, the College must also determine a withdrawal date, which may be the midpoint of the period of enrollment or the last date of an academically related activity in which the student participated.

Criteria:

As a recipient of federal awards, the College is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Section 668.22 provide requirements over the treatment of Title IV funds when a student withdraws. The College 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 the College 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 and/or loan assistance that was disbursed to the student as of the withdrawal date.

Additionally, provisions included in Title 34 CFR Section 668.22(j) address the timeframe for the return of title IV funds and state "(1) An institution must return the amount of title IV funds for which it is responsible... as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew... (2) For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the – (i) Payment period or period of enrollment... (ii) Academic year in which the student withdrew; or (iii) Educational program from which the student withdrew."

Condition:

A sample of 13 students from a population of 129 students who received student financial assistance (SFA) and withdrew from the College during the Fall 2022 and Spring 2023 semesters was randomly selected for testing using a non-statistical sampling method. The students' R2T4 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 calculations for six students who withdrew during the Fall 2022 semester and four students who withdrew during the Spring 2023 semester were calculated incorrectly due to the use of improper scheduled break days, institutional charges, and/or withdrawal dates. Five students were requested to return \$1,895 less than the required amount to various SFA programs, and five students were requested to return \$568 more than the required amount to various SFA programs.
- Funds were not returned to the appropriate grantor programs within the required time frame for four of the withdrawn students tested.

In addition, a sample of five students from a population of 52 students who received student financial assistance (SFA) for the Fall 2022 and Spring 2023 semesters and withdrew from the College but for whom no R2T4 calculation was performed was randomly selected for testing using a non-statistical sampling method. Attendance and withdrawal records were reviewed to determine if a refund should have been calculated for these students. Our examination revealed that R2T4 calculations were not performed appropriately for two students who unofficially withdrew during the Fall 2022 semester and two students who unofficially withdrew during the Spring 2023 semester. These students should have been required to return a total of \$3,142 to various SFA programs.

Questioned Costs:

Upon testing a sample of \$29,313 in financial aid disbursements to students for whom a R2T4 calculation was completed, known questioned costs of \$1,895 were identified for refunds not adequately supported or calculated incorrectly. Using the total population amount of \$199,904, we project the likely questioned costs to be approximately \$12,928.

In addition, upon testing a sample of \$14,182 in financial aid disbursements to students who withdrew from the College but for whom no R2T4 was performed, known questioned costs of \$3,142 were identified for omitted R2T4 calculations. Using the total population amount of \$168,077, we project the likely questioned costs to be approximately \$37,232.

Therefore, the known and likely questioned costs identified for all R2T4 testing performed totaled \$5,037 and \$50,160, respectively. The following assistance listing numbers were affected by the known and likely questioned costs: 84.063 and 84.268.

Cause:

In discussing these deficiencies with management, they stated that the use of improper break days occurred due to a misunderstanding of the definition of break days. The identification of applicable institutional charges was not appropriately configured within in the student information system, as well. Additionally, the untimely return of Title IV funds was caused by the manual process used to transmit updated disbursement information to ED's Common Origination and Disbursement System. Furthermore, the review for potential unofficial withdrawals occurred at one point in the semester rather than continually throughout each semester and resulted in the College's failure to identify students who had unofficially withdrawn.

Effect or Potential Effect:

The College is not in compliance with the federal regulations concerning performing R2T4 procedures. These deficiencies may expose the College to unnecessary financial strains and shortages. The College's portion of the refunds that were not calculated correctly or were omitted must be returned to the U.S. Department of Education (ED). Though the College may attempt to collect the funds from individual students affected by the error(s), these collection efforts could be unsuccessful as the students may no longer attend the College and/or fail to repay the funds. Additionally, failing to identify withdrawn students, not performing R2T4 calculations accurately, and/or not returning unearned Title IV funds to ED in a timely manner may result in adverse actions and impact the College's participation in Title IV programs.

Recommendation:

The College should follow established procedures to ensure that all withdrawn students are identified, R2T4 calculations are performed accurately, and that unearned funds are returned to the appropriate accounts in a timely manner in accordance with federal regulations. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The College should contact ED regarding resolution of the finding, as well.

Views of Responsible Officials:

We concur with this finding.

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR FINDINGS

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS

FA 2023-001 Improve Controls over the Return of Title IV 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
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Questioned Costs:	\$5,037

Description:

Georgia Highlands College did not properly perform the Return of Title IV funds process to ensure that unearned Title IV funds were returned in a timely manner.

Corrective Action Plans:

The college has put monitoring procedures in place to validate Title IV calculations and the setup of the calculation within the banner system. These monitoring procedures include requiring the entering of Last Day of Attendance when entering multiple final grades, regardless of whether it is to be considered an earned grade or not, an outside validation of Title IV refund calculations and return of funds timely performed by both the Director of Financial Aid and the Bursar Office of the college and additional validation reports to assist with the identification of those students who should be reviewed as unofficial withdrawals.

Estimated Completion Date: June 30, 2024

Contact Person: Jamie Petty

Title: Vice President Finance and Administration

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Signature: 

Title: 

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