



REPORT ON REVIEW AND FEDERAL COMPLIANCE PROCEDURES • FISCAL YEAR 2025

Gordon State College Barnesville, Georgia

A Member Institution of the University System of 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 Gordon State College, as of and for the year ended June 30, 2025, and issued our report thereon, dated December 3, 2025. 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 Gordon State College's Annual Financial Report, is available on the Georgia Department of Audits and Accounts' website at www.audits.ga.gov and on the Gordon State College's website at www.gordonstate.edu.

We have performed the procedures on compliance with federal student financial assistance regulations reflected within the OMB Compliance Supplement for the year ended June 30, 2025. Gordon State College is responsible for complying with federal student financial assistance regulations reflected within the OMB Compliance Supplement. Gordon State 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 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, 2025.

Our review of the College 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;
- no financial reporting findings that require management's attention; and
- federal award findings that require management's attention, as described in the accompanying Schedule of Findings and Questioned Costs under the heading Federal Award Findings.

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None Noted

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

None Noted

FEDERAL AWARD FINDINGS

FA 2025-001 Strengthen Controls over the Awarding Process

Compliance Requirement:	Eligibility
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:	P007A241007 (Year: 2025), P033A241007 (Year: 2025), P063P241308 (Year: 2025), P268K251308 (Year: 2025)
Questioned Costs:	\$500

Description:

The Gordon State College Student Financial Aid Office did not follow appropriate awarding policies and procedures, improperly determined the Student Financial Assistance award amounts for eligible students, and awarded amounts to ineligible students.

Background Information:

To receive student financial assistance (SFA), students must complete a Free Application for Federal Student Aid (FAFSA). Once the FAFSA is processed, an Institutional Student Information Record (ISIR) is provided to Gordon State College (College). Among other things, the ISIR contains the applicant's Student Aid Index (SAI) and helps determine student eligibility, award amounts, and disbursements.

The following types of SFA were awarded and disbursed to students at the College:

- *Federal Pell Grant (Pell)* – The Pell program provides grants to eligible students enrolled in eligible undergraduate programs and certain eligible post-baccalaureate teacher certificate programs and is intended to provide the foundation of financial aid. Maximum and minimum Pell awards are established by statute, but the amount for which each student is eligible is based on Maximum or Minimum Pell Grant eligibility criteria or the student's SAI.
- *Federal Supplemental Educational Opportunity Grants (FSEOG)* – The FSEOG program provides grants to eligible undergraduate students. Priority for FSEOG awards is given to Pell recipients who have the lowest SAI.
- *Federal Work-Study (FWS)* – The FWS program provides part-time employment to eligible undergraduate and graduate students who need earnings to help meet the costs of postsecondary education.

- *Federal Direct Student Loans* – The Direct Loan Program makes Direct Subsidized Loans and Direct Unsubsidized Loans to eligible students, and Direct PLUS Loans to eligible graduate or professional students or to eligible parents of eligible dependent undergraduate students, to pay for the cost of attending postsecondary educational institutions. Each student's ISIR, along with other information, is used by the College to originate the student's Direct Loan.

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.

All U.S. Department of Education (ED) SFA programs are authorized by Title IV of the Higher Education Act (HEA) of 1965, as amended (20 USC 1001 *et seq.*). Provisions included in Title 34 CFR Section 668 provide general provisions for administering SFA programs and Title 34 CFR Sections 675, 676, 685, and 690 provide eligibility and other related program requirements that are specific to the FWS Program, FSEOG Program, Federal Direct Student Loans Program, and Federal Pell Grant Program, respectively.

Condition:

A sample of 60 students from a population of 1,941 students who received SFA funds was randomly selected for testing using a non-statistical sampling method. Awarding activity for these students was reviewed to ensure that financial assistance was properly calculated and disbursed to eligible students and appropriate processes and procedures were followed. The following deficiencies were identified:

- Two students were eligible to receive \$2,181 more in Federal Pell Grant Program funds than they actually received based upon their enrollment status and ISIR information.
- One student received \$500 in Federal Supplemental Educational Opportunity Grants funding that they were not eligible to receive.
- Five students did not have required transfer monitoring performed for the 2024-2025 award year.

Questioned Costs:

Upon testing a sample of \$518,984 in financial aid disbursements, known questioned costs of \$500 were identified for the student who received student financial assistance in excess of their eligibility. Using the total population amount of \$15,669,013, we project the likely questioned costs to be approximately \$15,096. The following assistance listing number was affected by the known and likely questioned costs: 84.007.

Cause:

In discussing these deficiencies with management, they stated that the student information system did not appropriately capture data associated with the awarding of Federal Pell Grant Program funds. Personnel turnover also contributed to the disbursement of FSEOG funds to the ineligible recipient.

Effect or Potential Effect:

The College was not in compliance with federal regulations concerning awarding of SFA funds to students. These deficiencies may expose the College to unnecessary financial strains and shortages. The funds disbursed to students in excess of their eligibility must be returned to ED. Though the College may attempt to collect the funds from individual students affected by the errors, these collection efforts could be unsuccessful as the students may no longer attend the College and/or fail to repay the funds.

Recommendation:

The College should review its processes and procedures for determining each student's financial aid eligibility. Where vulnerable, the College should develop and/or modify its policies and procedures to ensure that correct amounts will be awarded to students in conformity with federal requirements. Additionally, the College should develop and implement a monitoring process to ensure that controls are functioning properly. The College should also contact ED regarding resolution of this finding.

Views of Responsible Officials:

We concur with this finding.

FA 2025-002 Improve Controls over Federal Direct Student Loan Reconciliations

Compliance Requirement:	Reporting
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Number and Title:	84.268 – Federal Direct Student Loans
Federal Award Number:	P268K251308 (Year: 2025)
Questioned Costs:	None Identified

Description:

Gordon State College did not perform required monthly reconciliations for the Federal Direct Student Loans program appropriately.

Background Information:

Under the Federal Direct Student Loan program, Gordon State College (College) makes Direct Subsidized Loans and Direct Unsubsidized Loans to eligible students, and Direct PLUS Loans to eligible graduate or professional students or to eligible parents of eligible dependent undergraduate students, to pay for the cost of attendance. The student's Individual Student Information Record (ISIR), along with other information, is used by the College to originate the student's Direct Loan.

During the current fiscal year, the College originated and disbursed \$6,611,452 in Federal Direct Student Loans to 1,035 students.

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 685.300(b) state that upon entering into a written program participation agreement associated with Federal Direct Student Loans “the school must promise to comply with the [Higher Education] Act [of 1965] and applicable regulations and must agree to ... on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.”

Condition:

A sample of two periodic Federal Direct Student Loan program reconciliations was randomly selected for testing using a non-statistical sampling method. The reconciliations were reviewed to ensure that the School Account Statement (SAS) data files provided by the U.S. Department of Education's Common Origination and Disbursement (COD) system were reconciled appropriately to the student information system and the College's financial records and that variances were resolved in a timely manner. While reconciliations of the Direct Loans disbursed per the student information system and the College's financial records and reconciliations of the cash drawdowns per the COD system and the College's financial records were performed throughout the year, testing revealed the following deficiencies in the reconciliations of the SAS data files by student:

- For one month, the reconciliation between the student information system and the SAS data files was not performed.

- For one month, the reconciliation between the student information system and the SAS data files was only performed for unsubsidized loans and was not performed for subsidized or PLUS loans.

Cause:

In discussing these deficiencies with management, they stated that the failure to perform the necessary reconciliations at the student level was due to resource constraints associated with employing a regional Director of Student Financial Aid who also served another institution.

Effect or Potential Effect:

The College is not in compliance with their program participation agreement or federal regulations concerning Federal Direct Student Loans. In addition, omissions and errors in information submitted to the COD system or within the student information system may not be identified and corrected in a timely manner. Furthermore, if all SAS data is not reconciled appropriately, the College cannot close out the Direct Loan account in the COD system at the end of the award year.

Recommendation:

The College should follow established procedures and assign responsibility for the monthly and yearly reconciliation of the Federal Direct Student Loan program activity to ensure that the guidelines contained in the Direct Loan School Guide and Federal Student Aid Handbook are followed. The College's Financial Aid and Business Offices should maintain their internal records in such a way that they can prepare the monthly reconciliations accurately and timely. Additionally, management should develop and implement a monitoring process to ensure that controls are operating properly.

Views of Responsible Officials:

We concur with this finding.

FA 2025-003 Improve Controls over Information Security

Compliance Requirements:	Eligibility 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:	P007A241007 (Year: 2025), P033A241007 (Year: 2025), P063P241308 (Year: 2025), P268K251308 (Year: 2025)
Questioned Costs:	None Identified

Description:

Gordon State College should enhance internal controls over the information security program, including those associated with access role management, governance processes, and data protection practices.

Background Information:

Gordon State College (College) relies extensively on the student information system (“the system”) to create student accounts, award student financial assistance (SFA), and disburse SFA to eligible students. Controls over the system and associated infrastructure are essential for the reliability and integrity of student information and to protect student data from manipulation, corruption, or loss. Further, the Gramm-Leach-Bliley Act (GLBA) requires financial institutions to set forth standards for developing, implementing, and maintaining reasonable administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The Federal Trade Commission considers Title IV-eligible institutions that disburse SFA funding, such as the College, to be “financial institutions” and be subject to the GLBA requirements.

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.

In addition, provisions included in Title 16 CFR Section 314.3 require the College to “develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to your size and complexity, the nature and scope of your activities, and the sensitivity of any customer information at issue.” Specifically, provisions included in Title 16 CFR Section 314.4 reflect the required elements of the information security program, including (a) designating a qualified individual for overseeing the information security program, (b) developing a written risk assessment that identifies and assesses risks to customer information in each relevant area of operations, (c) designing and implementing safeguards to control the risks identified through the risk assessment, including access controls, encryption, and other appropriate protective measures, (d) regularly testing or otherwise monitoring the effectiveness of the safeguards implemented, (e) implementing policies and

procedures to ensure that personnel are able to enact the information security program, (f) addressing how to oversee information system service providers, and (g) evaluating and adjusting the information security program, as necessary.

Condition:

Upon performing our review of the SFA program and applicable compliance requirements, three of requirements listed below were not implemented within the College's information security program:

- *Access Role Management* – Our review of the SFA business process functions established within the system and related user permissions revealed that four system users had the ability to create student accounts and award SFA.
- *Governance Processes* – The College's written risk assessment associated with the information security program was not evaluated and updated regularly in compliance with GLBA requirements.
- *Data Protection Practices* – College information technology infrastructure was not appropriately safeguarded to prevent data manipulation, corruption, or loss.

The details related to these deficiencies have been provided to management in accordance with *Official Code of Georgia Annotated (OCGA) §50-6-9*.

Cause:

Management has prioritized core operational needs; however, resource constraints have limited the ability to fully implement certain access management, governance, and data protection enhancements.

Effect:

The College was not in compliance with the Uniform Guidance or federal regulations concerning student information security measures. The absence of adequate internal controls associated with access role management, governance processes, and data protection practices increases the risk of unauthorized access, data breaches, and misuse of personally identifiable information of students receiving SFA.

Recommendation:

We recommend that management:

- Review and monitor access and role management within the student information system,
- Formalize and document security governance activities to ensure risks are consistently identified and addressed on a regular basis, and
- Allocate the necessary resources to enhance data protection safeguards associated with information technology infrastructure.

Views of Responsible Officials:

We concur with this finding.

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS**FA 2025-001 Strengthen Controls over the Awarding Process**

Compliance Requirement:	Eligibility
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:	P007A241007 (Year: 2025), P033A241007 (Year: 2025), P063P241308 (Year: 2025), P268K251308 (Year: 2025)
Questioned Costs:	\$500

Description:

The Gordon State College Student Financial Aid Office did not follow appropriate awarding policies and procedures, improperly determined the Student Financial Assistance award amounts for eligible students, and awarded amounts to ineligible students.

Corrective Action Plans:

Gordon State College will ensure that all team members receive appropriate training on FSEOG and Pell Grant awarding procedures. The College has strengthened its processes to ensure that SEOG funds are awarded only to students who are eligible for the Pell Grant.

Estimated Completion Date:

December 12, 2025

Contact Person: Tabitha Smith

Title: Interim Director of Financial Aid

Phone Number: (678) 359-5990

Email: tabithas@gordonstate.edu

Signature:



Title:

President

FA 2025-002 Improve Controls over Federal Direct Student Loan Reconciliations

Compliance Requirement:	Reporting
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Number and Title:	84.268 – Federal Direct Student Loans
Federal Award Number:	P268K251308 (Year: 2025)
Questioned Costs:	None Identified

Description:

Gordon State College did not perform required monthly reconciliations for the Federal Direct Student Loans program appropriately.

Corrective Action Plans:

The monthly student reconciliations for the Direct Loan Programs resumed starting April 2025. These reconciliations will be conducted by the Financial Aid Office on a monthly basis, as required, and will continue without interruption. Each reconciliation will include the name of the person who completed it and the date.

Estimated Completion Date:

December 19, 2025

Contact Person: Tabitha Smith**Title:** Interim Director of Financial Aid**Phone Number:** (678) 359-5990**Email:** tabithas@gordonstate.edu

Signature:



Title:

President

FA 2025-003 Improve Controls over Information Security**Compliance Requirement:**

Eligibility

Internal Control Impact:

Special Tests and Provisions

Compliance Impact:

Significant Deficiency

Federal Awarding Agency:

Nonmaterial Noncompliance

Pass-Through Entity:

U.S. Department of Education

AL Numbers and Titles:

None

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:P007A241007 (Year: 2025), P033A241007 (Year:
2025), P063P241308 (Year: 2025), P268K251308
(Year: 2025)**Questioned Costs:**

None Identified

Description:

Gordon State College should enhance internal controls over the information security program, including those associated with access role management, governance processes, and data protection practices.

Corrective Action Plans:

Gordon State College is committed to protecting the privacy and security of student information and we take all audit findings seriously. We are committed to acquiring the necessary resources to implement the needed control to strengthen our compliance with federal regulations and to safeguard our campus community.

Estimated Completion Date:

July 31, 2026

Contact Person: Douglas Stewart**Title:** Chief Information Officer**Phone Number:** (678) 359-5008**Email:** douglass@gordonstate.edu

Signature:

Title: President