Finding Number 1: Return To Title IV (R2T4) Not Made, Page 118, FA-509-12-01

The auditor stated the institution did not have an adequate internal control procedure in place to identify students who unofficially withdrew during an academic year.

Specifically, for students who did not receive a passing grade in an academic term, the institution did not determine that the student withdrew and did not perform an R2T4 calculation.

Final Audit Determination: As defined by section 34 C.F.R. § 668.173 of the Student Assistance General Provisions, the return of Title IV funds is timely if—

1. An institution deposits or transfers the funds into the bank account it maintains no later than 45 days after the date it determines that the student withdrew;

2. An institution initiates an electronic funds transfer (EFT) no later than 45 days after the date it determines that the student withdrew;

3. An institution initiates an electronic transaction, no later than 45 days after the date it determines that the student withdrew, that informs the lender to adjust the borrower’s loan account for the amount returned; or

4. An institution issues a check no later than 45 days after the date it determines that the student withdrew. However, the Department considers that an institution did not satisfy this requirement if records indicate the date on the cancelled refund check shows that the bank endorsed that check more than 45 days after the date the institution determined that the student withdrew.

When a recipient of Title IV grant or loan funds withdraws from a school (officially or unofficially) after beginning attendance, the amount of Title IV funds earned by the student must be determined. R2T4 calculations are based on a statutory formula developed by the Department and must be used on all recipients of FSA funds. The formula is based, in part, on the amount of time a student actually spent in attendance at the school. If the amount disbursed to the student is greater than the amount the student earned, unearned funds must be returned no later than 45 days after the date the institution determined that the student withdrew. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, the student may be eligible to receive a post-withdrawal disbursement of the earned aid not received. See 34 § C.F.R. 668.22

With respect to unofficial withdrawals, DCL GEN-04-03 dated November 2004 states that schools must have a procedure for determining whether a Title IV recipient who began attendance during the period actually completed the period, or if the recipient should be treated as a withdrawal. If a student earns a passing grade in one or more of
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his/her classes during the period for that class, the school can presume that the student completed the course, and thus the period. However, if a student who began attendance and did not officially withdraw fails to earn a passing grade in at least one course offered over an entire period, the school must assume, for Title IV purposes, that the student has unofficially withdrawn (unless the school can document that the student completed the period).

In addition, schools have two options for determining the last date of attendance of an unofficial withdrawal: 1) use the midpoint of the payment period or period of enrollment, or, 2) if the school is not required to take attendance, determine the last documented academically related activity (e.g., exam, quiz, tutorial, computer-assisted instruction, academic advising/counseling, academic conference, completion of an academic assignment, paper, or project, and/or attending a study group required by the school where attendance was taken).

Effective with the 2011-2012 award year, return of Federal Student Aid (FSA) grant funds (except FSEOG and Iraq and Afghanistan Service grants), other than funds that are being returned to stay in compliance with the excess cash requirements, must be offset by downward reductions in student records in the Department’s Common Origination and Disbursement system (COD).

GSU stated in its corrective action plan that it concurs with the auditor’s finding and has implemented procedures to ensure that unofficial withdraws are identified and the required Return to Title IV funds calculation is performed.

In response to this report, GSU was required to review the file of all Title IV recipients who received all non-passing grades, such as W’s, F’s etc. for the 2011-2012 award-year to determine the extent of its noncompliance.

GSU was also required to provide the Department with a copy of its unofficial withdrawal policy and procedures with its response.

In its response, GSU stated that it has instituted a new faculty grade reporting requirement in which faculty must report a date of last attendance and/or last date of participation in the course for all F grades assigned. The new reporting requirement will be effective starting with the 2013 summer 6 and 7 week semesters.

GSU stated it has reviewed its unofficial withdrawal policy and procedures, and has the necessary controls in place that should meet Department Return of Title IV requirements. GSU further stated that it has reviewed all files in which students
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received non passing grades. In addition, the university has returned Title IV funds to the Department for students who were not eligible for the federal student aid funds.

For a student who withdraws from a school that is not required to take attendance without providing notification, the school must determine the withdrawal date no later than 30 days after the end of the earlier of (1) the payment period or the period of enrollment (as applicable), (2) the academic year, or (3) the student’s educational program. See 34 C.F.R. § 668.22(I)(3).

In its response, GSU identified $942,430 in unearned Title IV HEA program funds for 560 students during the 2011-2012 award-year. Of the 560 R2T4s, GSU failed to timely return Title IV program funds for 152 students in the amount of $409,785. According to GSU’s spreadsheet, the 152 students withdrew during the fall and spring 2011-2012 award-year. However, GSU did not make the determination of the 152 student’s withdrawal until after it received the Department’s April 11, 2013 Pending Audit Determination Letter (PADL). Therefore, the Department considers these refunds late. The refunds range between 295 and 508 days late. GSU returned $409,785 in unearned funds between May and July 2013 to the Department. GSU also performed downward adjustments in the Department’s (COD) system for the amount returned late.

Because GSU provided the actual date of determination, the Department used a projected date of determination for both the 2011-2012 fall and spring term that more accurately reflects what the correct date of determination should have been in its cost of funds calculation which is attached as Appendix A and B. Interest for those unearned funds are being determined based on the projected date of determination. Additionally, in the Department’s calculation, the actual date the unearned funds were returned via G5 was used.

Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table of this report.

Repayment instructions are included in the repayment section of this report.

1 Because Appendix A and B contain Personal Identifiable Information (PII), the Department is emailing this spreadsheet as part of its response to GSU.
Institution: Georgia State University (GSU)
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Institution: Georgia State University (GSU)
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ACN: 04-2012-33278

Payment Instructions

1. Liabilities Owed to the Department

GSU owes to the Department $4,521. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

The following identification data must be provided with the payment:

Amount: $4,521
DUNS: 073425951
TIN: 586002050
ACN: 04-2012-33278

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within 45 days of the date of this letter. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. GSU is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department’s Accounts Receivable Group at (202) 245-8080 and ask to speak to GSU account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Department’s Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461
If within 45 days of the date of this letter, GSU has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due GSU from the Federal Government. **GSU may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, GSU must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.