



September 5, 2007

The Honorable Sonny Perdue
Governor
State of Georgia
203 State Capital
Atlanta, GA 30334

Certified Mail
Return Receipt Requested
#70051160000442804961

RE: Audit Control Number (ACN): 04-2006-73101
FAC ACN: 04-2006-78524

Dear Governor Perdue:


The U.S. Department of Education (Department) has reviewed a single audit report of the State of Georgia. This audit report, prepared by Department of Audits for the State of Georgia, in accordance with the Office of Management and Budget Circular A-133, covers the period July 1, 2005 through June 30, 2006. This letter advises the State of Georgia of the Department's final audit determination concerning the portions of the audit report that relate to the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs).

The Department has reviewed the corrective action plans and/or management's response provided with the audit report. Enclosed is the Department's final audit determination for this audit. Although the enclosure to this letter may not address each of the auditor's findings, each institution cited in this report, must take the necessary actions to correct all of the deficiencies noted in the audit report. The auditor must comment on all the actions taken by the institution to correct each finding noted in this audit report, as well as any required actions in the enclosures to this letter, in the "Prior Audit" section of the next regularly scheduled non-Federal audit

The following institutions have no deficiencies or the School Participation Team, SC-Atlanta has determined that the findings are satisfactorily resolved based on information provided by the respective institutions:

Abraham Baldwin Agricultural College
Darton College
Armstrong Atlantic State University
Augusta State University

U.S. Department of Education
School Participation Team SC - Atlanta
61 Forsyth St. SW, Room 18T20B
Atlanta GA 30303-3104

FEDERAL STUDENT AID  START HERE. GO FURTHER.

Coastal Georgia Community College
Columbus State University
Gainesville State College
Georgia Institute of Technology
Southern Polytechnic State University
Georgia Military College
Georgia Southern University
Georgia Southwestern State University
Georgia State University
Gordon College
Kennesaw State University
Medical College of Georgia
Middle Georgia College
North Georgia College & State University
South Georgia College
University of Georgia
University of West Georgia
Georgia College & State University
Dalton State College
Appalachian Technical College
Coosa Valley Technical College
Lanier Technical College
Moultrie Technical College
Valdosta Technical College
Northwestern Technical College
Okefenokee Technical College
Augusta Technical College
Athens Technical College
Albany Technical College
Flint River Technical College
West Georgia Technical College
Southwest Georgia Technical College
Swainsboro Technical College
South Georgia Technical College
Savannah Technical College
North Georgia Technical College
Chattahoochee Technical College
Griffin Technical College
DeKalb Technical College
Columbus Technical College
Central Georgia Technical College
Macon State College
Valdosta State University
Atlanta Technical College
East Central Technical College
Georgia Highlands College
West Central Technical College

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East Georgia College
Bainbridge College
Atlanta Metropolitan College
Waycross College
Heart of Georgia Technical College
Middle Georgia Technical College
North Metro Technical College
Ogeechee Technical College
Altamaha Technical College
Southeastern Technical College
Sandersville Technical College
Gwinnett Technical College

Required action(s) for the remaining institutions outlined in the enclosures must be completed as specified under the final audit determination.

The institutions are advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 C.F.R. Part 668 Subpart G.

If an institution cited in this report elects to appeal to the Secretary of Education for a review of the monetary liabilities established by this final audit determination, the institution must file a written request for a hearing. The Department must receive the institution's request no later than 45 days from the date the institution receives this final audit determination letter. An original and four copies of the information the institution submits must be attached to the institution's request. The request must be sent to:

Mary E. Gust, Director
Administrative Actions and Appeals Division
U.S. Department of Education
School Eligibility Channel, ASEDS/FSA
830 First Street, NE, UCP3, Room 84F2
Washington, DC 20002-8019

The institution's appeal request must: (1) indicate the findings, issues, and facts the institution disputes, (2) state the institution's position, together with pertinent facts and reasons supporting its position, (3) include any documentation to support its position, and (4) include a copy of this final audit determination letter.

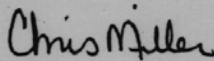
The Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to an institution's appeal are those provided at 34 C.F.R. Part 668, Subpart H.

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Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures questioned in the audit, 34 C.F.R. § 668.24(e)(3)(i), or the end of the retention period applicable to the record under 34 C.F.R. §§ 668.24(e)(1) and (e)(2).

Your continued cooperation throughout the audit resolution process is appreciated. If the institution has any questions about our review, please call David Smittick of my staff at 404-562-6296.

Sincerely,



Chris Miller
Team Leader

Enclosure(s)

cc: Dr. Everett Freeman- President, Albany State University
Mr. Thomas Harris, Jr.-Director of Financial Aid, Albany State University
Dr. Thomas K. Harden-President, Clayton State University
Ms. Charlene Morgan-Director of Financial Aid, Clayton State University
Dr. Larry Rivers-President, Fort Valley State University
Ms. Eula Solomon-Director of Financial Aid, Fort Valley State University
Dr. Anthony S. Tricoli-President, Georgia Perimeter College
Ms. Seletha Champion-Interim Director Student Financial Services
Dr. Earl G. Yarbrough Sr.-President, Savannah State University
Mr. Mark Atkins-Director of Financial Aid, Savannah State University
Dr. David C. Bridges-President, Abraham Baldwin Agriculture College
Ms. Jenelle L. Handcox-Financial Aid Director, Abraham Baldwin Agriculture College
Dr. Thomas Z. Jones-President, Armstrong Atlantic State University
Ms. Lee Ann Kirkland-Financial Aid Director, Armstrong Atlantic State University
Dr. Gary McGaha-Interim President, Atlanta Metropolitan College
Ms. Gwendolyn H. Peterson-Interim Director of Financial Aid, Atlanta Metropolitan College
Dr. William Bloodworth, Jr.-President, Augusta State University
Ms. Willene C. Holmes-Director of Financial Aid, Augusta State University
Dr. Thomas A. Wilkerson-President Bainbridge College
Mr. Horace L. Taylor-Director of Financial Aid, Bainbridge College
Dr. Paul D. Brown-President, Columbus State University
Ms. Janis S. Bowles-Director of Financial Aid, Columbus State University
Dr. James A. Burran-President, Dalton State College
Ms. Dianne S Cox-Director of Financial Aid, Dalton State College
Dr. Anthony Parker-President, Albany Technical College
Ms. Helen L. Catt-Financial Aid Director, Albany Technical College
Dr. Peter J. Sireno-President, Darton College
Ms. Martha M. Whittle- Financial Aid Director, Darton College

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Dr. John Black-President, East Georgia College
Ms. Barbara P. Green, Financial Aid Director, East Georgia College
Dr. Martha T. Nesbitt-President, Gainesville State College
Ms. Susan A. Smith-Financial Aid Director, Gainesville State College
Dr. Dorothy Leland-President, Georgia College & State University
Ms. Suzanne P. Pittman-Director of Financial Aid, Georgia College & State University
Dr. John Randolph Pierce-President, Georgia Highlands College
Ms. Donna K. Childres-Director of Financial Aid, Georgia Highlands College
Dr. G. Wayne Clough-President, Georgia Institute of Technology
Ms. Marie R. Mons-Financial Aid Director, Georgia Institute of Technology
Dr. Bruce Grube-President, Georgia Southern University
Ms. Connie Murphey-Financial Aid Director, Georgia Southern University
Dr. Kendall A. Blanchard-President, Georgia Southwestern State University
Ms. Freida J. Jones-Financial Aid Director, Georgia Southwestern State University
Dr. Carl V. Patton-President, Georgia State University
Ms. Louis Scott-Financial Aid Director, Georgia State University
Dr. Lawrence V. Weill-President, Gordon College
Mr. Larry G. Mitcham-Financial Aid Director, Gordon College
Dr. Daniel S. Papp-President, Kennesaw State University
Mr. Keith D. Hall-Financial Aid Director, Kennesaw State University
Dr. David A. Bell-President, Macon State College
Ms. Patricia B. Simmons-Financial Aid Director, Macon State College
Dr. Daniel W. Rahn-President, Medical College of Georgia
Ms. Beverly A. Boggs-Financial Aid Director, Medical College of Georgia
Dr. Richard J. Federinko-President, Middle Georgia College
Mr. Jon Finkelstein-Financial Aid Director, Middle Georgia College
Dr. David Potter-President, North Georgia College & State University
Ms. Jill P. Rayner-Financial Aid Director, North Georgia College & State University
Dr. Torri Lilly-President, South Georgia College
Mr. Gregory R. Fowler-Financial Aid Director, South Georgia College
Dr. Lisa A. Rossbacher-President, Southern Polytechnic State University
Mr. Gary Bush-Financial Aid Director, Southern Polytechnic State University
Dr. Michael F. Adams-President, University of Georgia
Ms. Susan D. Little-Financial Aid Director, University of Georgia
Dr. Thomas J. Hynes, Jr.-President (Interim), University of West Georgia
Ms. Kimberly L. Jordan-Financial Aid Director, University of West Georgia
Dr. Ronald M. Zaccari-President, Valdosta State University
Mr. Douglas R. Tanner, Financial Aid Director, Valdosta State University
Dr. David A. Palmer-President, Waycross College
Ms. Debbie M. Howard-Financial Aid Director, Waycross College
Ms. Lorette Hoover-President, Altamaha Technical College
Ms. Tina M. Bunch-Financial Aid Director, Altamaha Technical College
Dr. Sanford Chandler-President, Appalachian Technical College
Ms. Wanda H. Hicks-Financial Aid Director, Appalachian Technical College
Dr. Flora Tydings-President, Athens Technical College
Ms. Courtney L. Ray-Financial Aid Director, Athens Technical College
Dr. Alvetta P. Thomas-Acting President, Atlanta Technical College

Ms. Deborah Clark-Financial Aid Director, Atlanta Technical College
Mr. Terry Elam-President, Augusta Technical College
Ms. Smyre Beverly Hines-Financial Aid Director, Augusta Technical College
Dr. Ron Natale II-President, Central Georgia Technical College
Ms. Connie L. Peale-Financial Aid Director, Central Georgia Technical College
Dr. Harlon Crimm-President, Chattahoochee Technical College
Ms. Lori D. Burnette-Financial Aid Director, Chattahoochee Technical College
Mr. J. Robert Jones-President, Columbus Technical College
Ms. Debbie Henshaw-Financial Aid Director, Columbus Technical College
Dr. Craig McDaniel-President, Coosa Valley Technical College
Ms. Sonya J. Richards-Financial Aid Director, Coosa Valley Technical College
Dr. Robin Hoffman-President, Dekalb Technical College
Mr. John Gottardy-Financial Aid Director, Dekalb Technical College
Dr. Ray Perren-President, East Central Technical College
Ms. Shelia A. Thomas-Financial Aid Director, East Central Technical College
Ms. Kathy Love-President, Flint River Technical College
Ms. Debbie A. Bowles-Financial Aid Director, Flint River Technical College
Dr. Robert Arnold-President, Griffin Technical College
Ms. Gina J. Byrd-Financial Aid Director, Griffin Technical College
Ms. Sharon J. Rigsby-President, Gwinnett Technical College
Mr. Stephen P. Whitaker-Financial Aid Director, Gwinnett Technical College
Mr. Randall Peters-President, Heart of Georgia Technical College
Ms. Ramona S. Wooten-Financial Aid Director, Heart of Georgia Technical College
Dr. Mike Moye-President, Lanier Technical College
Ms. Patsy S. Griffin-Financial Aid Director, Lanier Technical College
Dr. Ivan Allen-President, Middle Georgia Technical College
Mr. Jack C. Payne-Financial Aid Director, Middle Georgia Technical College
Dr. Tina Anderson-President, Moultrie Technical College
Ms. Judi D. Lovvorn-Financial Aid Director, Moultrie Technical College
Dr. Ruth Nichols-President, North Georgia Technical College
Ms. Kim Kelley-Financial Aid Director, North Georgia Technical College
Mr. Steve Dougherty-President, North Metro Technical College
Ms. Jody L. Darby-Financial Aid Director, North Metro Technical College
Dr. Ray Brooks-President, Northwestern Technical College
Ms. Sarah H. Twiggs-Financial Aid Director, Northwestern Technical College
Dr. Dawn Cartee-President, Ogeechee Technical College
Mr. Letrell L. Thomas-Financial Aid Director, Ogeechee Technical College
Dr. Lloyd Horadan-President-Sandersville, Technical College
Ms. Betty N. Young-Financial Aid Director, Sandersville Technical College
Dr. C.B. Rathburn-President, Savannah Technical College
Mr. Timothy Cranford-Financial Aid Director, Savannah Technical College
Mr. Sparky Reeves-President, South Georgia Technical College
Mr. Michael C. Wright, Financial Aid Director, South Georgia Technical College
Dr. Cathy Meehan-President, Southeastern Technical College
Mr. Josh F. Dasher, Financial Aid Director, Southeastern Technical College
Dr. Glen Deibert-President, Southwest Georgia Technical College
Mr. Michael C. Rayburn-Financial Aid Director, Southwest Georgia Technical College

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Mr. Larry Calhoun-President, Swainsboro Technical College
Mr. Mitchell J. Fagler-Financial Aid Director, Swainsboro Technical College
Dr. Robert M. Abene-President, Valdosta Technical College
Mr. Jarrod Brogdon-Financial Aid Director, Valdosta Technical College
Dr. Skip Sullivan-President, West Central Technical College
Mr. David V. Robinson-Financial Aid Director, West Central Technical College
Dr. Daryl Gilley-President, West Georgia Technical College
Ms. Dorothy L. Cantor-Financial Aid Director, West Georgia Technical College
Southern Association of Colleges and Schools Commission on Colleges (SACSCC)
Georgia Higher Education Assistance Corporation

INSTITUTION: CLAYTON STATE UNIVERSITY

OPE ID: 00897600

ACN: 04-2006-73101

Finding Number 1: **Federal Pell Grant Expenditures Differ From Program Authorization (FA-528-06-01) Page 222**

The auditor states the Pell Year To Date Report and the Statement of Account, which reports Federal Pell Grant Program expenditures were not reconciled to the Institution's accounting records.

Final Determination:

34 C.F.R. § 690.83(a) of the regulations provide that an institution must submit to the Secretary all student aid Payment Vouchers for a given award year by September 30 following the end of the award year. **Adjustments for payments to an institution's Federal Pell Grant account** may be reviewed by the Department, per Section 690.83(c), if the institution timely submitted a student aid Payment Voucher, but did not timely submit, in an acceptable form, a student aid Payment Voucher necessary to document the full amount of the award to which that a student is entitled.

Federal regulations require an institution to maintain and adhere to an adequate system of internal controls to ensure that federal funds and interest are protected. An adequate system of internal controls requires reconciliation of reports submitted and received. For example, Pell payment data to Pell processed disbursement reports.

In its Corrective Action Plan, Clayton State University states it concurs with the finding, however, the finding was for the 2005 financial aid reporting period. Similarly, the University indicates it has reconciled its Pell grant expenditures to its accounting records. Additionally, beginning with the 2007 academic year, all report documentation will require a signature from the Director of Accounting before submission to the Department.

In response to this report, Clayton State University was required to provide the Department with:

1. Reconciled Pell Grant expenditures to its general or subsidiary ledger accounts for the 2004-2005-award year.
2. Supporting documentation of its reconciliation, including copies of its general or ledger accounts for the 2004-2005 award year.

In its response, Clayton State University provided documentation that it has reconciled its Federal Pell Grant expenditures to its institutional accounting records for the fiscal year end June 30, 2005. Additionally, Clayton State University indicates it has implemented new procedures for monthly reconciliation to improve its internal controls regarding the Federal Pell Grant and Federal Supplemental Educational Opportunity Grant (SEOG) programs.

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These procedures include implementing new worksheets and establishing specific monthly due dates for each report, as well as a mandatory deadline for its annual Fiscal Year End Reconciliation worksheet of September 10.

Assuming continued compliance, this finding is closed.

Finding Number 2: **Expenditures Reported Inaccurately On Fiscal Operation Report
And Application To Participate (FISAP) Report (FA-528-06-01)
Page 222**

The auditor notes the Institution's FISAP report had amounts reported for the Federal Work Study (FWS) and Perkins Loan Program that did not reconcile its accounting records. This is a repeat finding from the Institution's 2004-2005 annual audit submission.

Final Determination:

To receive funds from the Department's campus-based programs, an institution must submit a FISAP for each award year and the information reported must be accurate and verifiable.

34 C.F.R. § 668.32 indicates a participating institution acts in the nature of a fiduciary in the administration of the Title IV, HEA programs. To participate in any Title IV, HEA program, an institution must at all times act with the competency and integrity necessary to qualify as a fiduciary. As a fiduciary, a participating institution is subject to the highest standard of care and diligence in administering the programs in accounting to the Secretary for the funds received under those programs.

Failure of a participating institution to administer a Title IV, HEA program, or account for the funds that the institution receives under that program in accordance with the highest standard of care and diligence required of a fiduciary, constitutes grounds for an adverse action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 C.F.R. Part 668 Subpart G.

In its Corrective Action Plan, Clayton State University states it concurs with the finding, however, the finding was for the 2005 financial aid reporting period. Similarly, the University indicates the 2006 FISAP report has been reconciled to its accounting records and all information submitted to the Department for the 2004-2005 award is correct. Additionally, beginning with the 2007 academic year, all report documentation will require a signature from the Director of Accounting before submission to the Department.

In response to this report, Clayton State University was required to provide the Department with:

1. 2004-2005 final FISAP report
2. Supporting documentation of its reconciliation, including copies of its general or ledger accounts for the 2004-2005 award year.

In its response, Clayton State University provided documentation that it has reconciled its Perkins Loan expenditures to its institutional accounting records for the fiscal year end June 30, 2005. Additionally, the Institution submitted its revised FISAP report in support of the 2004-2005 Perkins Loan reconciliation to its accounting records.

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Additionally, as indicated in finding 1 of this report, Clayton State University indicates it has implemented new procedures for monthly reconciliation to improve its internal controls regarding the Federal Perkins Loan program. These procedures include implementing new worksheets and establishing specific monthly due dates for each report, as well as a mandatory deadline for its annual Fiscal Year End Reconciliation worksheet of September 10.

Assuming continued compliance, this finding is closed.

Finding Number 3: **Time Sheet Card Sheet Violations (Page 220-221- FA-521-05-03)**

The auditor stated internal control procedures over the timesheet system for the FWS program were inadequate. Further, the auditor states Clayton State University had numerous FWS timesheets that were signed by students prior to the end of the work period, some signatures occurred after the end of the work period, and others were not signed at all by the student. In addition, the signature of the supervisor did not appear on several time sheets; instead of a supervisors signature, a signature stamp was used.

Final Determination:

Federal regulations 34 C.F.R § 675.19(b) states an institution must follow the record retention and examination provisions in this part and in 34 C.F.R. § 668.24. The institution must also establish and maintain program and fiscal records that include certification by the student's supervisor, an official of the institution or off campus agency that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day. These records must be reconciled monthly.

In response to this report, Clayton State University was required to submit copies of its revised policy and procedures indicating the responsibilities of each person administering its FWS program, as well as review and submit to the Department copies of FWS timesheets and disbursements for all FWS recipients for the 2005-2006 award year to determine how many FWS time sheets were unsigned by a supervisor and or student.

The Department has received and reviewed all of the FWS timesheets submitted by the Institution. Based on the documentation reviewed, both the student and supervisor prior to the end of the payment period signed many of the timesheets, however, only one student timesheet was unsigned by the student, but signed by the supervisor.

Additionally, in its response, Clayton State University provided the Department with new internal control procedures over the timesheet system for the FWS program that states:

Effective August 1, 2007, the Office of Financial Aid will be responsible for the collection of FWS timesheets. Prior to implementation, the Office of Financial Aid will conduct an orientation (Training) session for current students and supervisors on July 25, 2007 to properly inform students and supervisors about the FWS program regulations, which includes the proper way of completing timesheets.

All FWS timesheets are due in the Office of Financial Aid by scheduled due dates after the end of a payment period. Timesheets not signed and dated by both the student and supervisor will be returned for the appropriate signature or they will be returned and not processed until received as complete. Timesheets may be signed prior to the end of a payment period, but not before the last day worked in that payment period. Once timesheets are reviewed and approved by the Office of Financial Aid, they will be forwarded to payroll of final processing.

Assuming continued compliance, this finding is closed.

Finding 4: Repeat Finding - Failure to Take Corrective Action

Finding 2 is a repeat finding for the period ending June 30, 2004.

Repeat findings from prior audit years constitutes an inability by the institution to properly administer the Title IV programs. The Institution needs to be persistent in regards to resolving and minimizing the reoccurrence of findings. The institution is reminded that repeat findings in the future may cause the Department to question the institution's administrative capability and Title IV eligibility; and, may lead to a referral to the Department's Administrative Actions and Appeals Division (AAAD) for review and/or administrative action. Reference 34 C.F.R. § 668.16(j).

In accordance with 34 C.F.R. § 668.16 (j), the Institution, among other requirements, must show no evidence of significant problems that affect, as determined by the Secretary, the institution's ability to administer a Title IV HEA program and that are identified in reviews of the institution conducted by the Secretary, the Department of Education's Office of Inspector General, nationally recognized accrediting agencies, guaranty agencies as defined in 34 C.F.R. part 682, the State agency or official by whose authority the Institution is legally authorized to provide postsecondary education, or any other law enforcement agency; or any findings made in any criminal, civil, or administrative proceedings.

This finding is considered closed.