



UNIVERSITY
of ALASKA
Many Traditions One Alaska

Corrective Action Plan
Year Ended June 30, 2008

The following corrective action plan is prepared in accordance with Office of Management and Budget Circular A-133, Section .315(c). Accordingly, it is management's response to finding 2008-1 identified in the University of Alaska Audit in Accordance with OMB A-133 for the year ended June 30, 2008. The finding is presented below with management's response following:

Finding 2008-1

Department of Education (DOE), Student Financial Assistance (SFA) Programs Cluster, Federal Family Education (FFEL) (CFDA #84.032) and Federal Pell Grant Program (CFDA #84.063)

Criteria or Specific Requirements – According to the Code of Federal Regulations (CFR), Title 34, Section 668-22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period in which the recipient began attendance, the institution must determine the amount of Title IV assistance earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs. In accordance with CFR, Title 34, Section 668-22, returned funds are to be allocated in the following order: unsubsidized, subsidized and then Pell Grants.

According to the CFR, Title 34, Section 668-173, returns of Title IV funds are required to be deposited or transferred into the Student Financial Assistance account or electronic fund transfers initiated to the Department of Education or the appropriate Federal Family Education Loans lender as soon as possible, but no later than thirty days after the date the institution determines the student withdrew.

Condition – For the program year 2007-2008, the University of Alaska Fairbanks failed to identify withdrawn Title IV recipients in a timely manner, incorrectly calculated return amounts for some students, and allocated one return to the wrong fund.

For the program year 2007-2008, the University of Alaska Anchorage and the University of Alaska Southeast failed to identify withdrawn Title IV recipients in a timely manner.

Questioned Costs – None.

Context – Isolated to Federal Family Education Loans and Federal Pell Grant Program.

Effect – The University of Alaska Fairbanks returned Title IV funds untimely for 11 students that withdrew from the institution. For 9 of the 11 returns, no return of funds calculation was

made for \$2,095, \$2,394, and \$1,854 in subsidized loans, unsubsidized loans and Pell Grant awards, respectively. In addition, due to a manual entry error, a return for \$2,036 was allocated to the wrong loan fund.

The University of Alaska Anchorage returned Title IV funds untimely for 5 students that withdrew from the institution.

The University of Alaska Southeast returned Title IV funds untimely for 3 students that withdrew from the institution.

Recommendation – The University should make every effort to properly calculate and return Title IV funds within the allowable time period.

Management's Response – For the program year 2008-2009, a new report has been designed to capture withdrawn students that have received federal financial aid. Procedures are in place to identify and process withdrawals on a daily to weekly basis at each campus. In addition, the University of Alaska Fairbanks has processed returns for the \$2,095, \$2,394, and \$1,854 in subsidized loans, unsubsidized loans and Pell Grant awards, respectively, and has contacted the lender and requested the return for \$2,036 to be corrected and properly allocated to the appropriate loan fund.

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