University System
of Georgia
Fiscal Year 2016
Audit Cycle Summary
March 16, 2017

Jennifer B. Thomas
Deputy Director
Georgia Department of Audits & Accounts
ENGAGEMENT TYPE

AUDITS

• Augusta University (Pending Release)
• Board of Regents – University System Office
• Georgia Institute of Technology
• Georgia Southern University
• Georgia State University
• Kennesaw State University
• University of Georgia
• University System of Georgia

FULL DISCLOSURE MANAGEMENT REPORTS

• Albany State University
• Atlanta Metropolitan State College
• Bainbridge State College
• Darton State College
• East Georgia State College
• Fort Valley State University
• Georgia Highlands College
• Gordon State College
• Savannah State University
• South Georgia State College
AUDITS

• Auditor’s Responsibilities
  • Express an opinion
  • Does not relieve management or those charged with governance of their responsibilities

• Management’s Responsibilities

• Planned Scope and Timing of the Audit
AUDITS

• Qualitative Aspects of Accounting Practices
  • Selection and use of appropriate accounting policies
    • Adopted GASB Statement No. 72, *Fair Value Measurement and Application*
    • Adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
    • Adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
    • Adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*
AUDITS

• We noted no transactions entered into which there was a lack of authoritative guidance or consensuses
• All Significant transactions have been recognized in the proper period
• The Financial Statement disclosure are neutral, consistent and clear
AUDITS

• Accounting Estimates
  • Integral part of the financial statements
  • Based on management’s knowledge and experience and current events/assumptions
  • Most sensitive estimates:
    • Incurred But Not Reported Self-Insured Claims
    • Other Post-Employment Benefit Obligation
AUDITS

• Difficulties Encountered
  • None

• Disagreement with Management
  • None

• Management Consultations with Other Independent Accountants
  • None

• Management Representations
AUDITS

• Eight (8) Unmodified Opinions

• Six (6) Recipients of the Award of Distinction for Excellent Financial Reporting
  • Board of Regents – University System Office
  • Georgia Institute of Technology
  • Georgia Southern University
  • Georgia State University
  • Kennesaw State University
  • University of Georgia
SIGNIFICANT DEFICIENCIES

• Audit Findings (20)

• Four (4) Material Weaknesses – Financial Statement
  • Bainbridge State College
    • Internal Controls over Accounts Receivable
  • Gordon State College
    • Deficiencies in Controls over Financial Reporting
  • Atlanta Metropolitan College
    • Deficiencies in Controls over Financial Reporting
    • Internal Controls over Capital Assets
SIGNIFICANT DEFICIENCIES

• Three (3) Significant Deficiency – Financial Statement Findings
  • Augusta University
    • Inadequate Internal Controls over Capital Assets
  • Fort Valley State University
    • Financial Statement Preparation
  • University System of Georgia
    • Improve Financial Reporting and Communication with Organization Units
SIGNIFICANT DEFICIENCIES

• Thirteen (13) Significant Deficiency – Federal Findings
  • Albany State University
    • Undocumented Cost of Attendance Budgets
    • Return of Title IV Funds
    • Failure to Reconcile the Federal Direct Loan Program
  • Bainbridge State College
    • Excessive Cash Balances
    • Inadequate Control Procedures over Unofficial Withdrawals
    • Failure to Reconcile the Federal Direct Loan Program
SIGNIFICANT DEFICIENCIES

• Thirteen (13) Significant Deficiency – Federal Findings
  • Darton State College
    • Weaknesses in Logical Access IT General Controls
    • Overpayment of Student Financial Assistance
    • Return of Title IV Funds
    • Inadequate Control Procedures over Unofficial Withdrawals
    • Failure to Reconcile the Federal Direct Loan Program
  • East Georgia State College
    • Weaknesses in Logical Access IT General Controls
  • Savannah State University
    • Return of Title IV Funds
MANAGEMENT LETTER COMMENTS

• Six (6) Deficiencies Reported
  • Augusta University – 1 comment
  • Georgia Institute of Technology – 2 comments
  • Georgia State University – 2 comments
  • Kennesaw State University – 1 comment
FULL DISCLOSURE MANAGEMENT REPORT COMMENTS

• Thirty-Two (32) Deficiencies Reported

  • Albany State University – 8 comments
  • Atlanta Metropolitan State College – 6 comments
  • Bainbridge State College – 2 comments
  • Darton State College – 2 comments
  • East Georgia State College – 2 comments
  • Fort Valley State University – 5 comments
  • Georgia Highlands College – 1 comment
  • Gordon State College – 1 comment
  • Savannah State University – 5 comments
AGREED UPON PROCEDURES

• 13 Agreed Upon Procedure Engagements
  
  • Abraham Baldwin Agricultural College
  • Armstrong State University
  • Clayton State University
  • College Of Coastal Georgia
  • Columbus State University
  • Dalton State College
  • Georgia College & State University
  
  • Georgia Gwinnett College
  • Georgia Southwestern State University
  • Middle Georgia State University
  • University Of North Georgia
  • University Of West Georgia
  • Valdosta State University
OTHER ITEMS NOTED

• 50 Deficiencies reported through exit conference comments
• Misstatements noted (See following table for aggregate effect)
  • Uncorrected GAAP Misstatements – 70 Items
  • Corrected GAAP Misstatements - 13 Items
  • Uncorrected Budget Basis Misstatements - 14 Items
  • Corrected Budget Basis Misstatements - 9 Items
  • Presentation and Disclosure Misstatements – 66 Items (39 items corrected and 27 items uncorrected)
• Augusta University has not been released. There are misstatements that will be added associated with this report. A formal packet will be mailed to each Board member and will include the detail deficiencies and misstatements.
## Net effect of Misstatements Noted

<table>
<thead>
<tr>
<th>Category</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Beginning Net Position/Net Position</th>
<th>Revenues</th>
<th>Expenses</th>
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<td>Uncorrected GAAP</td>
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Questions?

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