Fiscal Year 2013
University System of Georgia
Annual Financial Report
Fiscal Year 2013
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University System of Georgia
Audit Cycle Summary
# Engagement Type

## AUDITS
- Albany State University
- Fort Valley State University
- Georgia Institute of Technology
- Georgia Perimeter College
- Georgia Regents University
- Georgia Southern University
- Georgia State University
- Kennesaw State University
- Regents System Office
- Southern Polytechnic State University
- University of Georgia
- Valdosta State University

## AGREED UPON PROCEDURES REPORTS
- Armstrong Atlantic State University
- Abraham Baldwin Agricultural College
- Atlanta Metropolitan State College
- College of Coastal Georgia
- Columbus State University
- Dalton State College
- Gordon State College
- Savannah State University

## FULL DISCLOSURE MANAGEMENT REPORTS
- Bainbridge College
- Clayton State University
- Darton State College
- East Georgia State College
- Georgia College & State University
- Georgia Gwinnett College
- Georgia Highlands College
- Georgia Southwestern State University
- Middle Georgia State College
- Skidaway Institute of Oceanography
- South Georgia College
- University of North Georgia
- University of West Georgia
Audits

- Twelve (12) Unmodified Opinions

- Audit Findings (6)
  - Three (3) Material Weakness – Financial Statement Findings
  - Two (1) Significant Deficiency – Financial Statement Findings
  - Two (2) Significant Deficiency – Federal Findings
Audits

**Albany State University**
No material weaknesses or significant deficiencies identified.

**Fort Valley State University**
No material weaknesses or significant deficiencies identified.

**Georgia Institute of Technology**
No material weaknesses or significant deficiencies identified.

**Georgia Perimeter College**

- **FA-571-13-01**
- **Compliance Requirement:** Return of Title IV Funds
- **Internal Control Impact:** Special Tests and Provisions
- **Compliance Impact:** Significant Deficiency
- **CFDA Number and Title:** 84.SFA Student Financial Assistance Cluster Program

Description:
Unearned Title IV funds were not returned within the required timeframe of 45 days.
<table>
<thead>
<tr>
<th>Georgia Regents University</th>
<th>OVERPAYMENT OF STUDENT FINANCIAL ASSISTANCE</th>
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</thead>
<tbody>
<tr>
<td>FA-512-13-01</td>
<td>Eligibility</td>
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<tr>
<td>ASSISTANCE</td>
<td>Significant Deficiency</td>
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<tr>
<td>Compliance Requirement:</td>
<td>Nonmaterial Noncompliance</td>
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<tr>
<td>Internal Control Impact:</td>
<td></td>
</tr>
<tr>
<td>Compliance Impact:</td>
<td></td>
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<tr>
<td>CFDA Number and Title:</td>
<td>84.SFA Student Financial Assistance Cluster</td>
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<tr>
<td>Program</td>
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</tbody>
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Description:
The University's Student Financial Assistance Office improperly determined the financial need of eligible students.

<table>
<thead>
<tr>
<th>Georgia Southern University</th>
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<tbody>
<tr>
<td>No material weaknesses or</td>
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<td>significant deficiencies</td>
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<th>Kennesaw State University</th>
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<tr>
<td>identified.</td>
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</table>
Regents System Office
No material weaknesses or significant deficiencies identified.

Southern Polytechnic State University

FS-550-13-01  Deficiencies in Controls over Capital Assets
Control Category:  Capital Assets
Internal Control Impact:  Material Weakness

Description:
Capital asset activity recorded by the University contained significant and material errors and omissions.

FS-550-13-02  Deficiencies in Controls over Financial Reporting
Control Category:  Financial Reporting
Internal Control Impact:  Material Weakness

Description:
The original financial statements as presented for audit contained significant and material errors and omissions.
### Audits

#### Southern Polytechnic State University

**FS-550-13-03**  
*Deficiencies in Controls over Budgetary Reporting*

**Control Category:** Financial Reporting  
**Internal Control Impact:** Material Weakness

**Description:**
The original budgetary statements as presented contained significant and material errors and omissions.

#### Valdosta State University

**FS-551-13-01**  
*Inadequate Controls over Expenditures*

**Control Category:** Expenditures/Disbursements  
**Internal Control Impact:** Significant Deficiency

**Description:**
The expenditure process at the University's Bookstore did not include a requirement that purchases be pre-approved.
Audits

Management Letter Comments – 23 Deficiencies Identified
Albany State University – 6 Deficiencies
Fort Valley State University – 4 Deficiencies
Georgia Institute of Technology – No Deficiencies identified
Georgia Perimeter College – 3 Deficiencies
Georgia Regents University – 3 Deficiencies
Georgia Southern University – 1 Deficiency
Georgia State University – No Deficiencies identified
Kennesaw State University – No Deficiencies identified
Regents System Office – No deficiencies identified
Southern Polytechnic State University – 4 Deficiencies
University of Georgia – 1 Deficiency
Valdosta State University – 1 Deficiency
Full Disclosure Management Reports

- Findings (7)
  - One (1) Significant Deficiency – Financial Statement Finding
  - Three (6) Significant Deficiency – Federal Findings

**University System of Georgia – Budgetary Compliance Report**

BCR-472-13-01  Statutory (Budgetary) Basis Financial Statement Noncompliance
Control Category: Budget Preparation/Execution
Internal Control Impact: Significant Deficiency
Compliance Impact: Nonmaterial Noncompliance

**Skidaway Institute of Oceanography**

Description:
The University System of Georgia exceeded the authorized budgeted amount at the legal level of budgetary control (funding source within program) in the Other Funds funding source within the Skidaway Institute of Oceanography program.
Full Disclosure Management Reports

Bainbridge State College
FA-562-13-01 Return of Title IV Funds
Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Description:
Unearned Title IV funds were not identified and returned for students who withdrew from the College.

FA-562-13-02 Failure to Reconcile the Federal Direct Loan Program
Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Description:
The College did not perform the required monthly reconciliations for the Federal Direct Loan Program.
Bainbridge State College
FA-562-13-03  
Overpayment of Student Financial Assistance
Compliance Requirement: Eligibility
Internal Control Impact: Significant Deficiency
Description: The University's Student Financial Assistance Office improperly determined the financial need of eligible students.

FA-562-13-04  
Inadequate Control Procedures over Unofficial Withdrawals
Compliance Requirement: Special Tests and Provisions
Internal Control Impact: Significant Deficiency
Description: The College did not perform refund calculations for students who unofficially withdrew in accordance with the College's grading policy.
Full Disclosure Management Reports

**Georgia Gwinnett College**

*FA-540-13-01*  
**Failure to Comply w/ Federal Work-Study Earmarking Requirements**

**Compliance Requirement:** Matching, Level of Effort and Earmarking  
**Internal Control Impact:** Significant Deficiency

**Description:**
The University's Student Financial Aid Office failed to monitor the community service requirement to ensure that at least 7% of Federal Work-Study funding was appropriately allocated to community service activities.

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**Middle Georgia State College**

*FA-583-13-01*  
**Inadequate Control Procedures over Unofficial Withdrawals**

**Compliance Requirement:** Special Tests and Provisions  
**Internal Control Impact:** Significant Deficiency

**Description:**
Determinations made to determine whether a student completed the academic period or unofficially withdrew did not incorporate a segment of the student population.
Full Disclosure Management Report Comments – 15 comments reported

Bainbridge College – 2 Comments
Clayton State University – No Comments
Darton State College – 1 Comment
East Georgia State College – No Comments
Georgia College & State University – No Comments
Georgia Gwinnett College – 1 Comment
Georgia Highlands College – No Comments
Georgia Southwestern State University – No Comments
Middle Georgia State College – 5 Comments
Skidaway Institute of Oceanography – 1 Comment
South Georgia College – 1 Comment
University of North Georgia - No Comment
University of West Georgia – 4 Comments
Agreed Upon Procedures Deficiencies – 22 deficiencies reported

Armstrong Atlantic State University – 4 Deficiencies
Abraham Baldwin Agricultural College – 1 Deficiency
Atlanta Metropolitan State College – 5 Deficiencies
College of Coastal Georgia – No Deficiencies
Columbus State University – 3 Deficiencies
Dalton State College – 2 Deficiencies
Gordon State College – 1 Deficiency
Savannah State University – 6 Deficiencies
Other Items Noted

• 71 Deficiencies reported through exit conference comments

• Misstatements noted (See following table for aggregate effect)
  • Uncorrected GAAP Misstatements – 48 Items
  • Corrected GAAP Misstatements – 32 Items
  • Uncorrected Budget Basis Misstatements – 9 Items
  • Corrected Budget Basis Misstatements – 8 items
  • Presentation and Disclosure Misstatements – 98 Items (82 Items corrected and 16 corrected)
### NET EFFECT OF MISSTATEMENTS NOTED ON FINANCIAL STATEMENTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Fund Balance/Net Assets</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncorrected GAAP</td>
<td>$2,543,615.05</td>
<td>$7,638,362.76</td>
<td>($7,693,610.14)</td>
<td>($2,250,523.63)</td>
<td>($237,844.04)</td>
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<tr>
<td>Uncorrected Budget</td>
<td>$779,390.79</td>
<td>$208,935.49</td>
<td>($309,728.08)</td>
<td>($1,093,803.20)</td>
<td>$415,205.00</td>
</tr>
<tr>
<td>Corrected GAAP</td>
<td>$3,781,016.27</td>
<td>($8,234,670.01)</td>
<td>(4,026,118.39)</td>
<td>$3,358,782.00</td>
<td>$5,120,990.13</td>
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<tr>
<td>Corrected Budget</td>
<td>($1,745,908.54)</td>
<td>($1,430,958.92)</td>
<td>$2,173,635.02</td>
<td>($163,969.69)</td>
<td>$1,167,202.13</td>
</tr>
</tbody>
</table>
Award of Distinction for Excellent Financial Reporting Recipients for FY 2013

Georgia Institute of Technology
Georgia Southern University
Georgia State University
Kennesaw State University
University of Georgia
University System Office
Questions

Contact Information:

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Email: arnoldcm@audits.ga.gov
Board of Regents of the University System of Georgia
Fiscal Year 2013 State Audit

John E. Brown
Chief Fiscal Officer

John M. Fuchko, III
Chief Audit Officer
Executive Summary

- Total number of findings down 46% from 24 in FY12 to 13 in FY13
- Material Weakness findings down 63% from 8 in FY12 to 3 in FY13
  - Only one institution had material weakness findings (3 at SPSU)
- Significant Deficiency findings down 38% from 16 in FY12 to 10 in FY13
- Financial Statement findings down 69% from 16 in FY12 to 5 in FY13
- Federal Award/Financial Aid findings same in FY12 as compared to FY13, i.e., 8 findings
  - No Federal Award/Financial Aid Material Weaknesses (2 Material Weakness findings in FY12)

- SYSTEM FOCUS AREAS
  - Financial Aid – Working Group led by Shelley Nickel with participation from institutions, Student Affairs, Fiscal Affairs, ITS, and Audit
  - Supporting Fiscal Management Improvements at SPSU
    - New Fiscal Management Team
    - Engagement from System Office
    - Year-End Training