



BOR Year End Workshop

April 27, 2016



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Overview

- What's new at DOAA?
- DOAA Award of Distinction for Excellent Financial Reporting
- FY 2015 Client Survey
- Tips for a Successful Audit
- Other Reporting and Updates



What is new at Department of Audits and Accounts

Professional People with Purpose

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DOAA Award of Distinction for Excellent Financial Reporting

Professional People with Purpose

DOAA Award of Distinction for Excellent Financial Reporting

The Best Practice Criteria has been established to recognize better practices for financial reporting and controls. This Award of Distinction encourages Colleges, Universities and Local Boards of Educations to go beyond the minimum requirements of generally accepted accounting principles and recognize individual organizations that are successful in achieving that goal.

DOAA Award of Distinction for Excellent Financial Reporting

| Criteria | Description of Best Practices |
|--|--|
| Timeliness | <p>Financial Statements including MD&A, note disclosures, required supplementary information and supplementary schedules and all key supporting evidence were available for auditors by November 15.</p> <p>Compliance with Transparency in Government Act Accurate information submitted by the following established deadlines: Salary and Travel Information: August 15 and Audit History/Payments Files: October 15.</p> |
| Quality of Financial Statements, Note Disclosures, Required Supplementary Information and Supplementary Information | <p>First set of financial statements, MD&A, notes, required supplementary information and supplementary information provided for audit required only minimal adjustments during the audit.</p> |

DOAA Award of Distinction for Excellent Financial Reporting

| Criteria | Description of Best Practices |
|--|--|
| Quality of Audit Documentation | Full supporting documentation to substantiate financial statements provided in a timely manner. Evidence easy to locate and use for audit. |
| Resolution of Accounting Standards/Presentation Issues | Management resolved all accounting standards and presentation issues in a timely manner. |
| Key Staff | Key staff readily available and cooperative during the audit and did not contribute to any delays in finalizing the audit. |
| Number/Significance of Deficiencies Identified | No significant deficiencies or material weaknesses noted during the audit. No more than 3 to 5 control deficiencies reported within the management letter. |
| Clean Audit Opinion | Unmodified Opinion |

DOAA Award of Distinction for Excellent Financial Reporting

Recognition:

1. List of entities receiving the Distinction for Excellent Financial Reporting from DOAA published on our external website.
2. Certificate of Excellence presented at the Board meeting.
3. Press release about the Certificate of Excellence in Financial Reporting that could be reported in the local organ of the entity.

DOAA Award of Distinction for Excellent Financial Reporting - FY15 Recipients

Only engagements that receive an Audit are qualified for the Award:

- Board of Regents – University System Office
- Georgia Institute of Technology
- Georgia State University
- University of Georgia
- Valdosta State University



Fiscal Year 2015 Client Survey

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2015 Client Feedback Results

- Survey sent at the end of a financial engagement
- Process was new for FY 2015 – Surveys went directly to our PSP Division
- 79% response rate (15 of 19) – WE THANK YOU!

2015 Client Feedback Results

Scoring

- Ratings of 4 (Agree) and 5 (Strongly Agree) are considered favorable ratings
- Our Goal – achieve > 80% favorable ratings for:
 - Audit process and client engagement
 - Effectiveness and fairness of audit communications and reporting

Drivers of Audit Process Quality

- Knowledge
 - Understanding of client organization
 - Staff continuity throughout engagement
 - Senior audit staff appropriately involved
- Communication
 - Discussion about audit purpose, scope and key milestones
 - Effective communication between the auditor and the organization
- Auditor interaction with auditee
 - Fieldwork performed timely
 - Meet agree-upon expectations re: communications, deadlines and deliverables
 - Responsiveness to client needs
 - Respectful of agency resources and time
 - Auditor professionalism

Drivers of Reporting

- Issues/Findings are clearly communicated
- Issues/Findings identified are fair and balanced
- Client organization is provided adequate opportunity to comment on issues, findings, etc. before finalization of the engagement
- Reports are issued timely

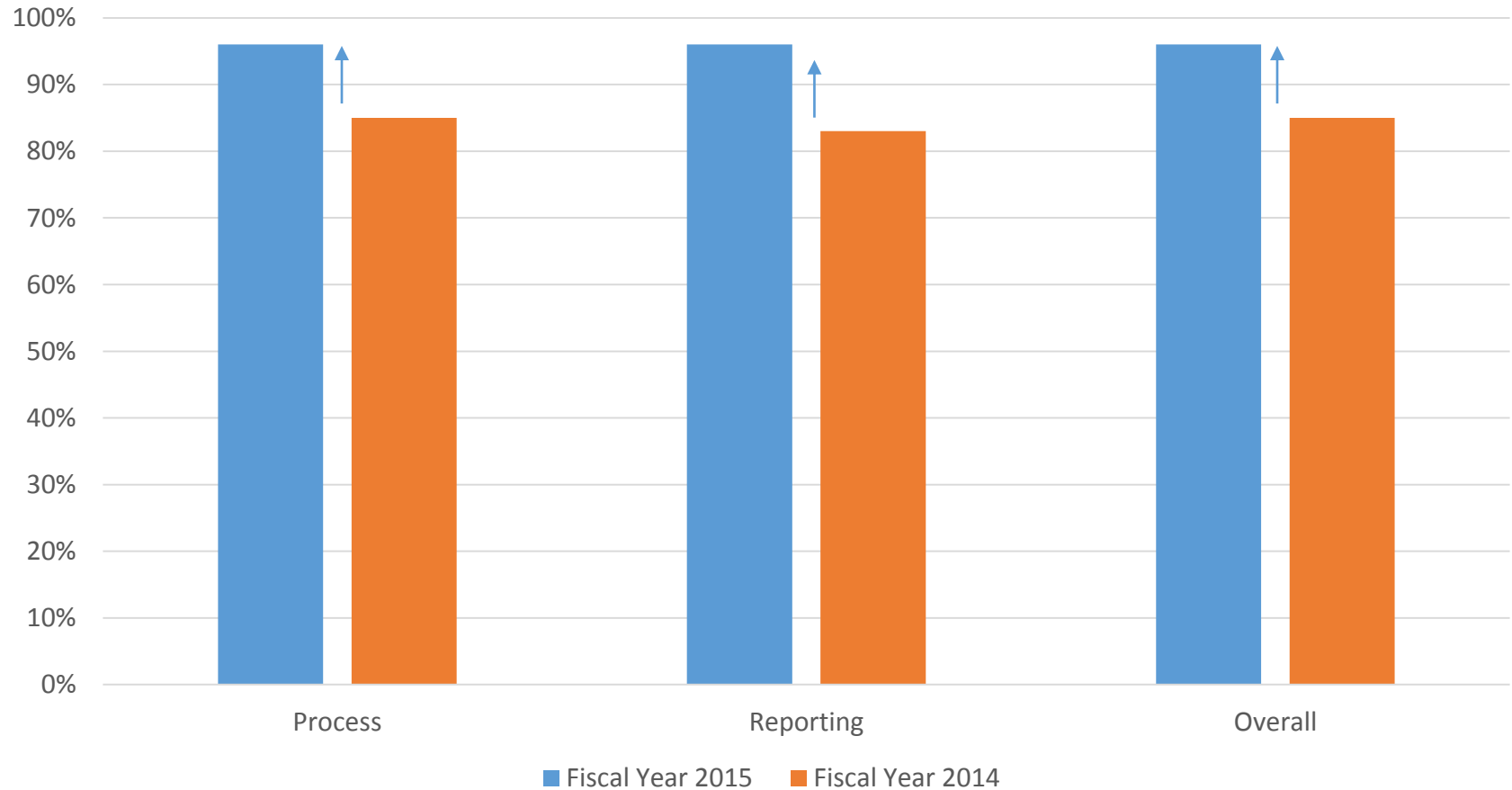
Scores

- Actual ratings
 - Process and Engagement – 96%
 - Communications and Reporting – 96%
 - Overall – 96%

Scores

Comparison Between Fiscal Years

Percentage of Positive Feedback



Where DOAA will continue process improvement:

- Communication
 - Of Items Required and Response Time
 - Of Issues Identified
- Deficiencies
 - Consistencies



Tips for a Successful Audit Season

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Common Traits for USG Entities

- Very effective reporting process
- The number of financial deficiencies we report given the number of engagements we performed is low
 - Items on the following slides are meant to help avoid issues in the upcoming season and are areas where we will likely focus more attention

Student Financial Aid

- Separation of Duties in BANNER
 - Expect to see a better Separation of Duties process for BANNER due to the work the Board of Regents has done over the past year.
- Undocumented Cost of Attendance
- Reconciliation of Federal Direct Loan Program
- Return of Title IV Funds
 - Unofficial withdrawals
- Satisfactory Academic Progress

Unrecorded Accounts Payable

- Since AFR's are due early in the process, College/Universities should have a procedure in place to review July and August disbursements for potential unrecorded liabilities.
- If you discover unrecorded liabilities, provide documentation to auditors with instructions to either adjust the financial statements or report a misstatement.
- A deficiency will not be reported for misstatement or adjustments provided to the auditors by the College/University.

Unrecorded Accounts Payable

- DOAA will perform a review for unrecorded liabilities – estimated mid September.
- This could be performed across the entire USG, not just the entities DOAA has been asked to perform testing. This would be for CAFR purposes.
- If we discover unrecorded liabilities that were not brought to our attention by the entity, we have to report a misstatement or adjustment and a deficiency.
- Watch out for these items:
 - Unrecorded P-Card data due to cut-off of statements
 - Utilities
 - Interest Payable

Encumbrances Payable

- Encumbrances –
State of Georgia's
Accounting Policy Manual requirements
 - Contains a confirmed vendor
 - Lists the specific services or goods
 - Lists a specific price for the services or goods
 - Lists a stated time or range of time for delivery or completion

P-Card Purchases

- P-Card purchases not in line with P-Card Policy
 - Split transactions
 - Likely to be global testing across all entities
 - Recommend performing data analytic procedure to identify and address potential issues
 - Issues brought to our attention that were identified timely and adequately addressed probably wouldn't result in a deficiency
 - However, we have to report an issue we discover not previously addressed by the entity

Significant Commitments

- Significant commitment omissions
 - Not including all contract signed as of 6/30
 - Not applying all payments or payables against a contract
 - Entities should have a process for tracking construction cost by contract (Original Contract Price, +(-) Change Orders, Less Expenses (GAAP Basis – i.e., accounts for payables)
 - Construction analysis should reconcile with CIP listing, which is reconciled to the GAAP basis financial statements

Capital Assets

- College/Universities must prepare a formal reconciliation of capital outlay expenses to capital asset additions
 - Deficiencies will be reported if not available even if misstatements are not noted
 - It is a good idea to review repairs and maintenance accounts as well as part of the reconciliation
 - Remember to pick up contracts and retainages payable in your CIP analysis, donated items, e-rate in constructed assets, etc.
 - Ensure asset records are up-to date as of year end
 - Physical inventories have been completed and records updated

Capital Assets

- We have been asked to continue to reconcile outstanding GSFIC projects to the audited CIP balance at GSFIC
- Continue to be mindful of possible Impaired Assets

Journal Entries

- Journal Entries should note reviewed/approved by somebody other than preparer



Other Reporting & Updates

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TIGA Reporting

- The TIGA website for Salary/Travel data opens **July 11, 2016**. The deadline to submit Salary/Travel data is **August 15, 2016**.
- The TIGA website for Payments and Obligations data opens **August 31, 2016**. The deadline to submit Payments and Obligations is **October 14, 2016**.
- **For help, please email tigahelp@audits.ga.gov**

Immigration Reporting

- System will be on line by **November 1, 2016**
- The reporting period is **December 1, 2015 – November 30, 2016.**
- The reporting deadline is **December 31, 2016**
- For questions reference the Frequently Asked Question listing on Audits website
- Email Questions to ImmHelp@audits.ga.gov
- No email, fax or mailed submissions will be accepted
- You have the option of data file submission or to enter into a form on collection site

Purchase Card Reporting

- Level 2 P-Card data for Colleges and Universities will begin to be reported on Open Georgia for Fiscal Year 2017, data for July 1, 2016 thru June 30, 2017
- Level 2 data includes the following:
 - Vendor
 - Purchase Description
 - Date of Purchase
 - Purchase Amount

Census Data Testing – FY 2016

- On-Site GASB 67/68 census data testing for TRS & ERS:
 - Institutions selected for testing:
 - University of Georgia - ERS
 - Georgia State University – ERS
 - Valdosta State University – TRS
 - Clayton College & State University – TRS
 - Abraham Baldwin Agricultural College - TRS
- Engagement Letters will be sent over the next week
- Testing during the month of May
 - If there is a conflict and the testing cannot occur during May, please contact Ed Kemp, Deputy Director, kempek@audits.ga.gov

Uniform Guidance

- Uniform Guidance is now in effect:
 - Implementation of the new administrative requirements and cost principles **for all new Federal awards made on or after December 26, 2014**, and to incremental funding made after that date
 - Audit requirements effective for audits of **fiscal years beginning on or after December 26, 2014**



BANNER Frozen Tables

Included for Information purposes, will not be discussed during the presentation

Frozen Tables

Reminder – Historically the following tables have been frozen at the end of each fiscal year:

- TBBDETC
- TBBCTRL
- TBBEACT
- TBBTBDS
- TBRACCD
- TBRACCT
- TBRAPPL
- TBRDEPO
- TBRMISD
- TBBETBD

Frozen Tables

- The ZURGFTT table alone will meet the needs of the auditor **IF** the institution maintains detail for the entire fiscal year
- SPRIDEN does not need to be frozen at the end of the fiscal year. However, the auditors will request the following fields:
 - PIDM, LAST_NAME, FIRST_NAME, MI

Purpose of Frozen Tables

- BANNER is the system of record for receivables
- The selected tables include the transaction level detail for all items recorded on the Financial Statements
- The auditor will use this data to select samples, review transactions, perform analytical procedures, and various other audit tasks, as needed.

Frozen Tables

- Request for Frozen Tables are initiated by the Atlanta Office
- Typically the requests are made to those institutions receiving an audit.
- The tables are submitted to DOAA through our Secure File Transfer System
- DOAA removes the tables from the File Transfer System upon receipt.

Frozen Tables

- Tables are imported into DOAA Data Warehouse; All data is stored securely and is encrypted
- Queries are will be run by BIS/IT Personnel
- Output files are used by auditors for testing

Questions?



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