



University System of Georgia

Fiscal Year 2016
Audit Cycle Summary
March 16, 2017



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Deputy Director
Georgia Department of Audits & Accounts

Professional People with Purpose



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

Category	Assets	Liabilities	Beginning Net Position/Net Position	Revenues	Expenses
Uncorrected GAAP	14,024,921.84	(1,574,828.92)	(740,425.70)	(12,095,512.94)	385,845.72
Uncorrected GAAP - Misclassification	1,838	139,224.47			47,819.00
Uncorrected Budget	(69,959.19)	(473,116.84)	136,745.78	(103,460.15)	509,790.40
Uncorrected Budget – Misclassification		517,496.80	316,680.00		
Corrected GAAP	(2,506,212.30)	(8,264,523.00)	51,250.00	932,198.30	9,787,287.00
Corrected GAAP - Misclassification			26,994,642	743,742	1,113,230
Corrected Budget	4,380,078.00	(4,380,078.00)	(10,585.71)	10,585.71	
Corrected Budget - Misclassification		449,525.69	400,367.29		

Questions?



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