



Board of Regents University System of Georgia

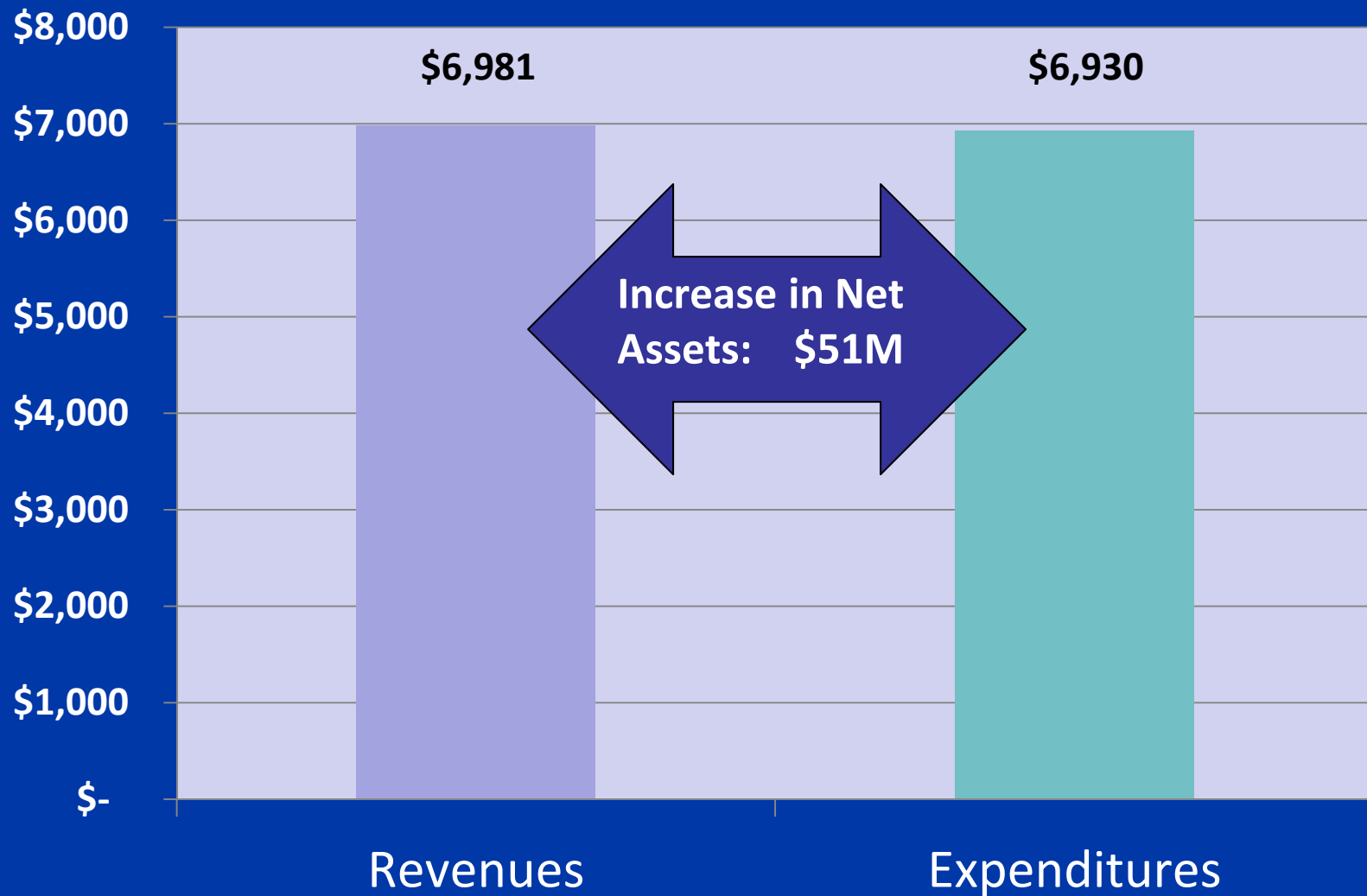
**FY 2012 Annual Financial Report
March 2013**

"Creating A More Educated Georgia"

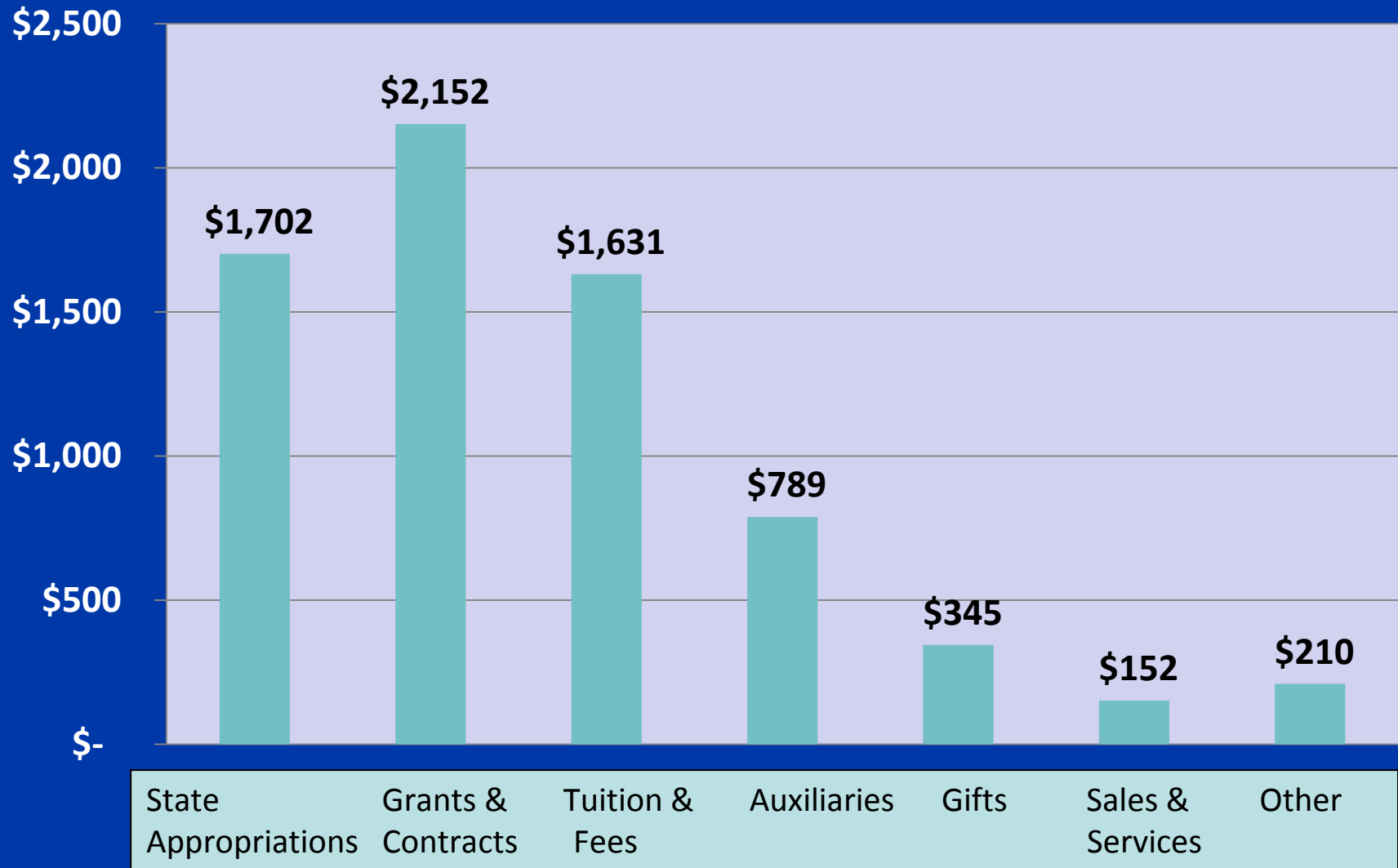
Financial Audit Results

Unqualified Opinion – Consolidated AFR

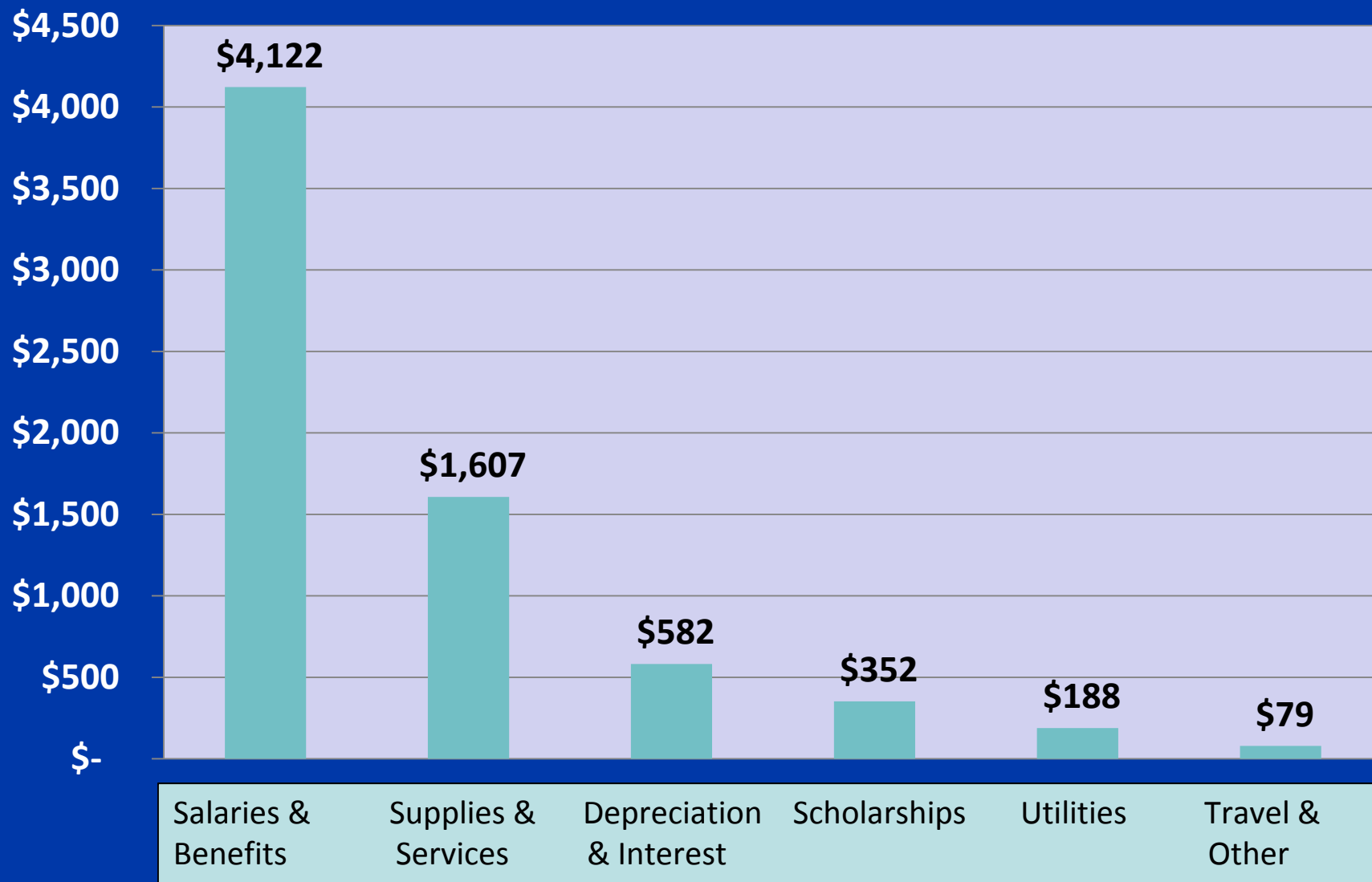
FY 2012 Revenues and Expenditures (in millions)



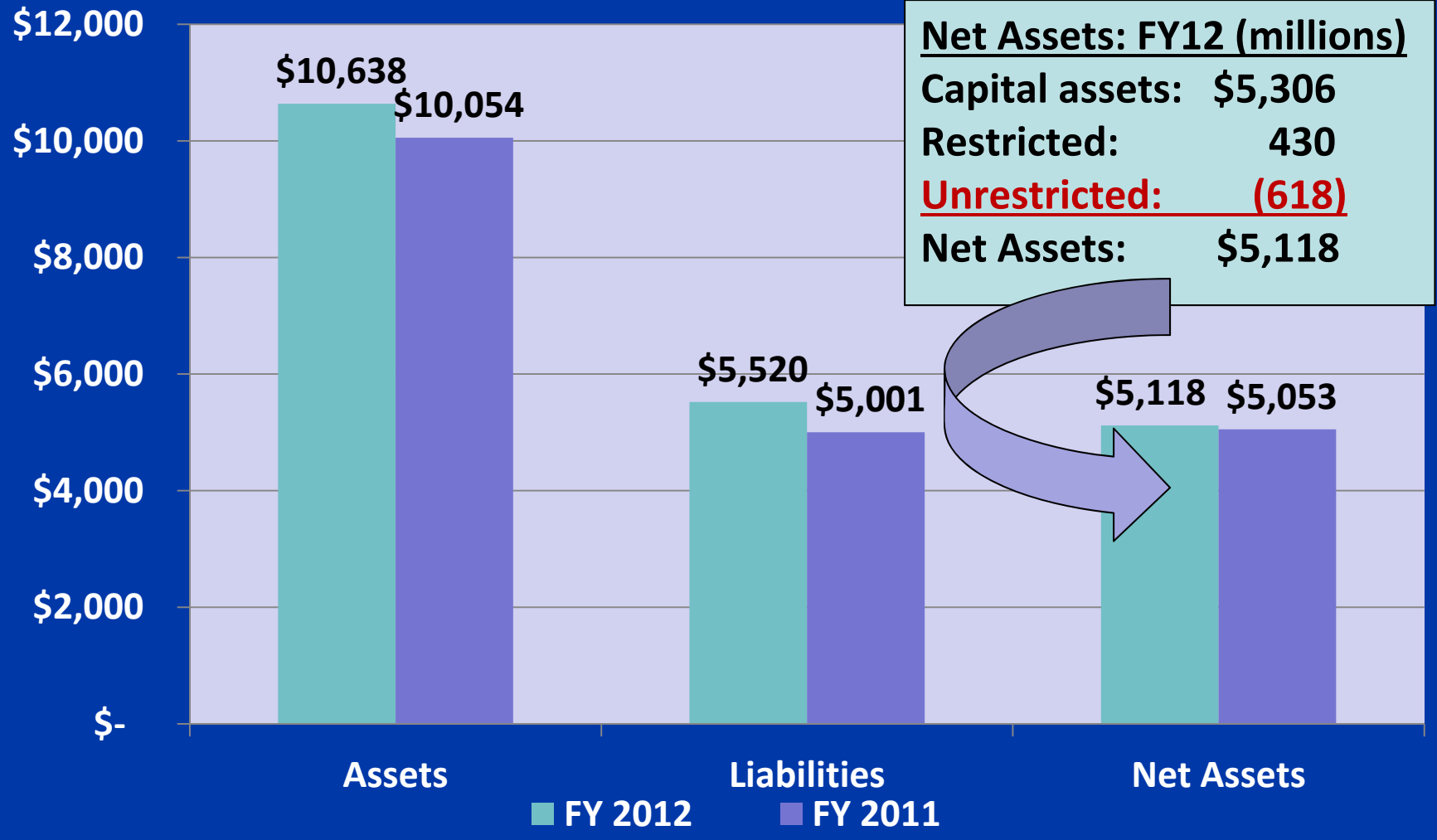
FY 2012 Revenue (in millions): \$6,981



FY 2012 Expenditures (in millions): \$6,930



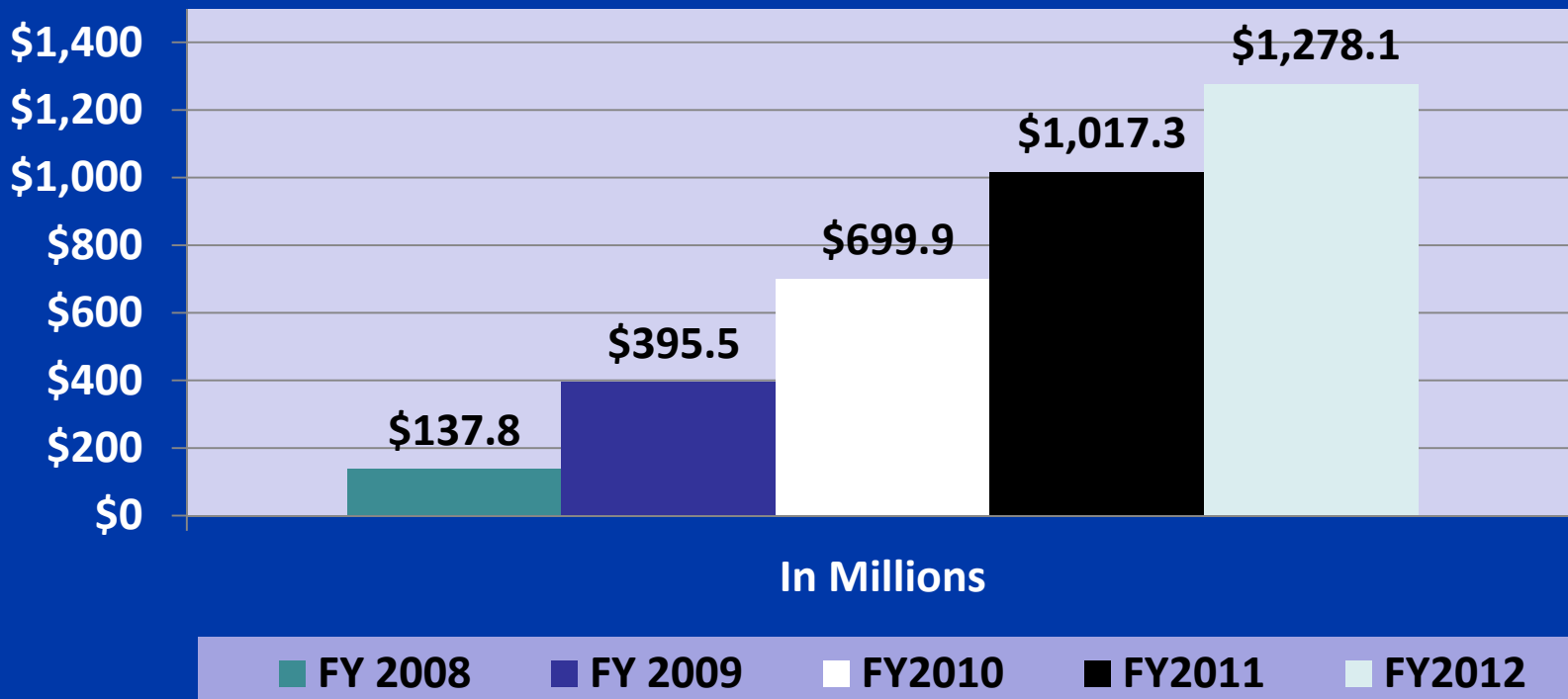
FY 2012 Balance Sheet Summary (in millions)



Other Post-Employment Benefits (OPEB)

Unfunded Actuarial Accrued Liability	\$3.49B
Net OPEB Obligation at June 30, 2012	\$1,278.1M

FY 2012 Annual OPEB cost	\$349.6M
Less: Premiums to cover retiree claims	88.8M
= Increase in Net OPEB Obligation	\$260.8M





Questions?

"Creating A More Educated Georgia"



Board of Regents of the
University System of Georgia
Annual Report 2011 – 2012: State Audits

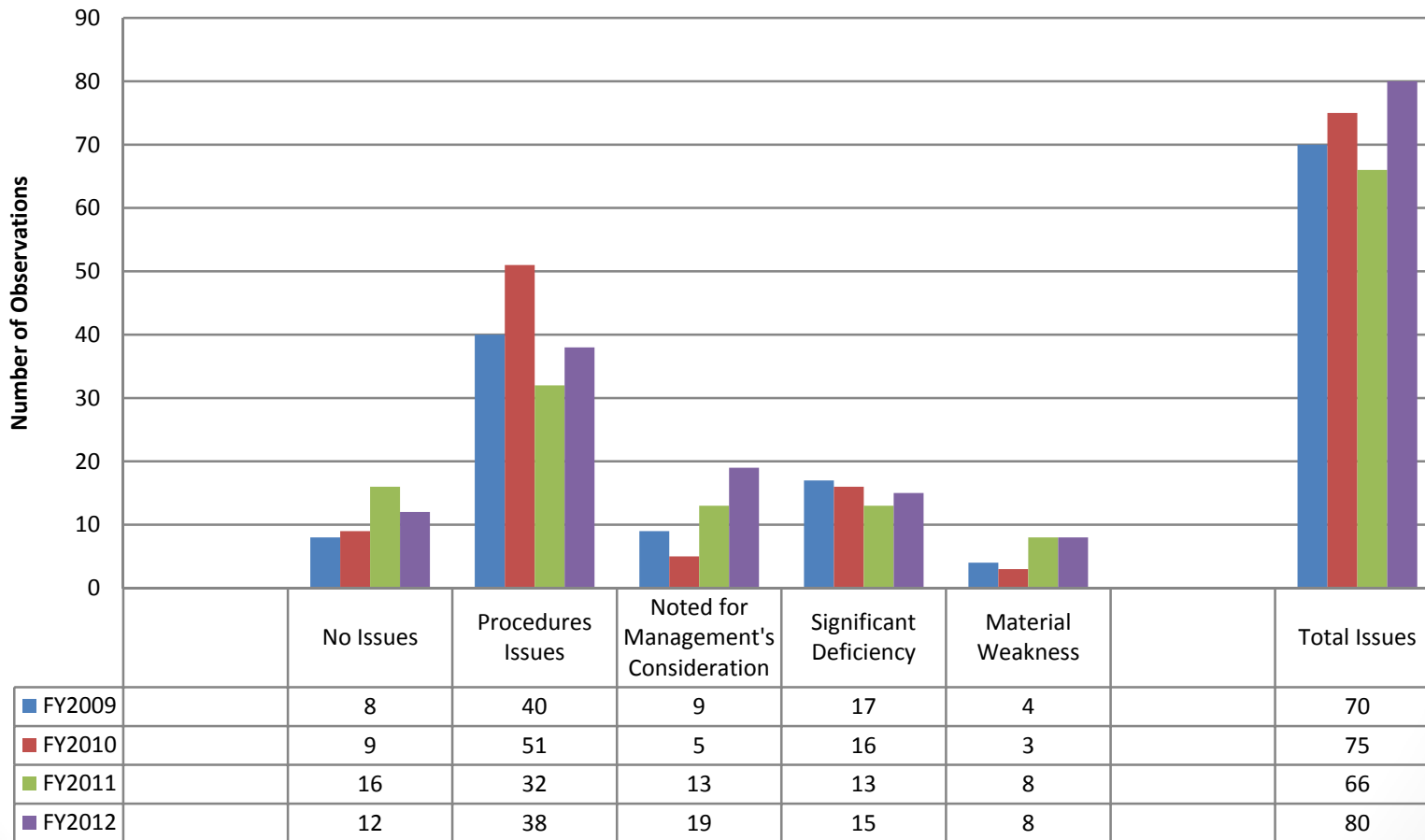
John M. Fuchko, III
Chief Audit Officer & Associate Vice Chancellor

Executive Summary

- **Number of Material Weaknesses level with FY11 and down from 5 institutions in FY12 to 3 institutions in FY11**
 - **Overall number of Material Weaknesses and Significant Deficiencies up from 21 in FY11 to 23 in FY12**
- **Number of Financial Statement findings down from 18 in FY11 to 15 in FY12**
 - **Number of Financial Aid findings increased from 3 in FY11 to 8 in FY12**
 - **Increased Internal Audits of Financial Aid operations proposed in early 2012 and ongoing through FY13; expect continued focus on this area by external auditors**
- **Consolidating institutions benefited from institution and USO work focused on financial operations and received greater audit scrutiny**
 - **However, 3 Material Weaknesses and 4 Significant Deficiencies in FY11 reduced to 2 Significant Deficiencies in FY12**
- **Comments focused on accounting and internal controls**
 - **Both areas are incorporated into internal audits**
 - **Will continue work with Office of Fiscal Affairs and others to address through training, policy & procedures, and monitoring**

Georgia Department of Audit and Accounts (DOAA) Audit Issues FY2009 – FY2012

Chart Title



Note: FY 2012 results represents both finalized and draft engagements. “Procedures” issues refers to issues identified in an Agreed Upon Procedures report while “Noted for Management’s Consideration” refers to issues identified in a Full Disclosure Management Report. “No Issues” refers to any report in which no published audit issues were raised with the potential exception of management letter comments.

Glimpse into the Future: Key Focus Areas

- Provide internal audit support to key initiatives, e.g., financial monitoring and post-consolidation reporting
- Conduct institutional engagements focused on:
 - Public Private Ventures
 - Targeted Financial Reviews
 - Presidential Transition
 - University System Office
 - Consulting Engagements
 - Cyclical Audits at Institutions without a Campus Auditor
- Conduct system-wide engagements for emerging, significant risks
- Provide overall assessment of financial management, risk management, internal controls, and institutional governance
- Support and develop Enterprise Risk Management; Compliance and Ethics Program. Focus is managing risk and preventing issues.



FY 2012 Audit – Management Follow-Up

- Corrective Action Plans from Institutions
- Debrief FY12 and Planning for FY13
- Fiscal-Year End Workshop
- Drive-In Workshops