



Fiscal Year 2012 University System of Georgia Audit Cycle Summary

ENGAGEMENT TYPE

AUDITS

- ❖ College of Coastal Georgia
- ❖ Fort Valley State University
- ❖ Georgia Health Sciences University
- ❖ Georgia Institute of Technology
- ❖ Georgia Perimeter College
- ❖ Georgia Southern University
- ❖ Georgia State University
- ❖ Gordon State College
- ❖ Kennesaw State University
- ❖ Regents System Office
- ❖ Southern Polytechnic State University
- ❖ University of Georgia
- ❖ Valdosta State University

FULL DISCLOSURE MANAGEMENT REPORTS

- ❖ Armstrong Atlantic State University
- ❖ Augusta State University
- ❖ Darton State College
- ❖ East Georgia State College
- ❖ Gainesville State College
- ❖ Georgia Gwinnett College
- ❖ Macon State College
- ❖ Middle Georgia College
- ❖ North Georgia College & State University
- ❖ South Georgia College
- ❖ Waycross College

AGREED UPON PROCEDURES REPORTS

- ❖ Abraham Baldwin Agricultural College
- ❖ Albany State University
- ❖ Atlanta Metropolitan State College
- ❖ Bainbridge College
- ❖ Clayton State University
- ❖ Columbus State University
- ❖ Dalton State College
- ❖ Georgia College and State University
- ❖ Georgia Highlands College
- ❖ Georgia Southwestern State University
- ❖ Savannah State University
- ❖ Skidaway Institute of Oceanography
- ❖ University of West Georgia



AUDITS

- ❖ Thirteen (13) Unqualified Opinions

- ❖ Audit Findings (19)
 - Six (6) Material Weakness – Financial Statement Findings
 - Eight (8) Significant Deficiency – Financial Statement Findings
 - Two (2) Material Weakness – Federal Findings
 - Three (3) Significant Deficiency – Federal Findings



AUDITS

COLLEGE OF COASTAL GEORGIA

No material weaknesses or significant deficiencies identified.

FORT VALLEY STATE UNIVERSITY

Finding Control Number: **FS-533-12-01**

ACCOUNTING CONTROLS (OVERALL)

Significant Deficiency

The University did not maintain adequate separation of duties involving key accounting functions and did not have a formal process to periodically review application access to financial systems.

Finding Control Number: **FS-533-12-02**

CASH AND CASH EQUIVALENTS

Significant Deficiency

The accounting procedures of the University were insufficient to provide adequate controls over Cash and Cash Equivalents.



AUDITS

FORT VALLEY STATE UNIVERSITY

Finding Control Number: **FS-533-12-03**

FINANCIAL REPORTING

Significant Deficiency

The University's accounting procedures were insufficient to provide for adequate controls over the financial statements preparation process.

Finding Control Number: **FS-533-12-04**

REVENUES/RECEIVABLES/RECEIPTS

Significant Deficiency

Internal control procedures were insufficient to provide adequate collection of student accounts receivable balances.

GEORGIA HEALTH SCIENCES UNIVERSITY

No material weaknesses or significant deficiencies identified.



AUDITS

GEORGIA INSTITUTE OF TECHNOLOGY

No material weaknesses or significant deficiencies identified.

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FS-571-12-01**

CAPITAL ASSETS

Material Weakness

The accounting procedures of the College were insufficient to provide adequate control over Capital Assets.

Finding Control Number: **FS-571-12-02**

REVENUES/RECEIVABLES/RECEIPTS

GENERAL LEDGER

Material Weakness

The accounting procedures of the College were insufficient to provide adequate controls over the Restricted Fund activity.



AUDITS

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FS-571-12-03**

FINANCIAL REPORTING

Material Weakness

The College failed to properly monitor budgetary financial activity during the year. Budget amendments submitted to the Board of Regents were not accurately loaded into the College's financial system until the end of the fiscal year. Budgets that were loaded were consistently overridden, and up to 16 College personnel had authority to override financial system budget controls. Management relied on inaccurate, internally generated spreadsheets that did not correspond to the General Ledger. Evidence to support periodic monitoring of budgeted activity to actual activity could not be provided.

Due to the deficiencies in budget preparation and execution, the College experienced a significant financial shortfall during the current fiscal year. In an effort to reduce the budgetary deficit and to provide cash flow, the College moved \$4.7 million in summer 2012 tuition and fee revenue from fiscal year 2013 to fiscal year 2012. This created a situation where both summer 2011 and summer 2012 tuition and fee revenue is reported in the same period for budgetary reporting. This treatment is unsustainable and overstates the College's budgetary financial position at year end. Tuition and fee revenue is correctly reported in the 2012 GAAP basis financials.

Additionally, in an effort to provide immediate cash flow to cover current liabilities, the Board of Regents of the University System of Georgia provided a special appropriation of \$9.5 million on June 8, 2012.



AUDITS

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FS-571-12-04**

EMPLOYEE COMPENSATION

Significant Deficiency

A review of internal control procedures over the employee compensation process revealed that individuals responsible for ensuring the accuracy of payroll amounts did not adequately monitor the payroll wages disbursed during the entire fiscal year.

Finding Control Number: **FS-571-12-05**

CASH AND CASH EQUIVALENTS

Significant Deficiency

A review of the College's cash process revealed inadequate separation of duties. One employee reconciled cash, initiated and performed wire transfers, had the ability to prepare and approve cash journal entries and performed several budget overrides during the fiscal year.



AUDITS

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FA-571-12-01**

REPORTING

Material Weakness

Fiscal year 2011 amounts reported on the Fiscal Operations and Application to Participate (FISAP) report submitted by the College to the U. S. Department of Education were not properly reconciled.

Finding Control Number: **FA-571-12-02**

SPECIAL TESTS AND PROVISIONS

Material Weakness

The College did not have adequate internal control procedures in place to identify students who unofficially withdraw during an academic semester. Questioned costs of \$16,736 were identified for students who received student financial assistance in excess of the amount earned as of the determined withdrawal date. The College performed procedures to estimate likely questioned costs of \$897,366. Auditor performed procedures to ensure the College's estimate was reasonable.



AUDITS

GEORGIA SOUTHERN UNIVERSITY

No material weaknesses or significant deficiencies identified.

GEORGIA STATE UNIVERSITY

Finding Control Number: **FA-509-12-01**

SPECIAL TESTS AND PROVISIONS

Significant Deficiency

The University did not have adequate internal control procedures in place to identify students who unofficially withdraw during an academic semester. Questioned Costs of \$1,375.00 were identified for a student who received student financial aid in excess of the amount earned as of the determined withdrawal date, which when projected over the entire population, resulted in a projected misstatement of \$1,015,659.34.

GORDON STATE COLLEGE

Finding Control Number: **FS-576-12-01**

ACCOUNTING CONTROLS (OVERALL)

Significant Deficiency

The College did not maintain adequate separation of duties involving key accounting functions and financial accounting systems.



AUDITS

GORDON STATE COLLEGE

Finding Control Number: **FS-576-12-02**

FINANCIAL REPORTING

Material Weakness

The College's accounting procedures were insufficient to provide for adequate controls over the financial statement preparation process. The College did not properly report Georgia State Financing and Investment Commission managed project J-139 on its financial records, resulting in an understatement of Capital Grants and Gifts – State and an understatement of Buildings of \$1,427,130. A material audit adjustment was proposed and accepted to correct the error.

Finding Control Number: **FA-576-12-01**

SPECIAL TESTS AND PROVISIONS

Significant Deficiency

The Student Financial Assistance Office (SFA) failed to ensure unearned Title IV funds were returned in a timely manner.



AUDITS

GORDON STATE COLLEGE

Finding Control Number: **FA-576-12-02**

SPECIAL TESTS AND PROVISIONS

Significant Deficiency

The Student Financial Assistance office failed to ensure exit counseling took place and was properly documented. A sample of twenty-five financial assistance files revealed two Direct Loan recipients' files that did not contain the required exit counseling documentation.

KENNESAW STATE UNIVERSITY

No material weaknesses or significant deficiencies identified.

REGENTS SYSTEM OFFICE

No material weaknesses or significant deficiencies identified.



AUDITS

SOUTHERN POLYTECHNIC STATE UNIVERSITY

Finding Control Number: **FS-550-12-01**

CAPITAL ASSETS

Material Weakness

Accounting procedures of the University were insufficient to provide adequate controls over Capital Assets.

Finding Control Number: **FS-550-12-02**

FINANCIAL REPORTING

Material Weakness

The University's accounting procedures were insufficient to provide for adequate controls over the financial statement preparation process. Significant and material misstatements were included in the financial statements presented for audit.



AUDITS

UNIVERSITY OF GEORGIA

No material weaknesses or significant deficiencies identified.

VALDOSTA STATE UNIVERSITY

Finding Control Number: **FS-551-12-01**

EMPLOYEE COMPENSATION

Significant Deficiency

The accounting procedures of the University were insufficient to provide adequate controls over employee compensation. Deficiencies were noted during our review of activities performed by the Human Resource Department.



AUDITS

Management Letter Comments – 29 Deficiencies Identified

- College of Coastal Georgia – 1 deficiency
- Fort Valley State University – 6 deficiencies
- Georgia Health Sciences University – 1 deficiency
- Georgia Institute of Technology – No deficiencies noted
- Georgia Perimeter College – 4 deficiencies
- Georgia Southern University – 2 deficiencies
- Georgia State University – 3 deficiencies
- Gordon State College – 5 deficiencies
- Kennesaw State University – 1 deficiency
- Regents System Office – No deficiencies noted
- Southern Polytechnic State University – 2 deficiency
- University of Georgia – 1 deficiency
- Valdosta State University – 3 deficiencies



FULL DISCLOSURE MANAGEMENT REPORTS

❖ Findings (4)

- One (1) Significant Deficiency – Financial Statement Finding
- Three (3) Significant Deficiency – Federal Findings

ARMSTRONG ATLANTIC STATE UNIVERSITY

Finding Control Number: **FA-524-12-01**

SPECIAL TESTS AND PROVISIONS

Significant Deficiency

The Student Financial Assistance office failed to properly perform the refund process and ensure that the unearned Title IV funds were accurately calculated and returned in the correct amount. Questioned costs of \$2,633.39 were identified in the sample of student refunds, which when projected over the entire population, resulted in a projected misstatement of \$16,010.85.



FULL DISCLOSURE MANAGEMENT REPORTS

EAST GEORGIA STATE COLLEGE

Finding Control Number: **FA-572-12-01**

SPECIAL TESTS AND PROVISIONS

Significant Deficiency

The Student Financial Assistance Office did not properly calculate refunds for students who withdrew from the College. Questioned costs of \$200.92 were identified in the sample of student refunds, which when projected over the entire population, resulted in a projected misstatement of \$2,014.28.

MIDDLE GEORGIA COLLEGE

Finding Control Number: **FA-584-12-01**

SPECIAL TESTS AND PROVISIONS

Significant Deficiency

The internal control procedures to determine whether a student completed the academic period or unofficially withdrew were inadequate. Questioned costs of \$9,174.04 were identified for refunds not calculated for "unofficial" withdrawals, which when projected over the entire population, resulted in a projected misstatement of \$86,815.80.



FULL DISCLOSURE MANAGEMENT REPORTS

SOUTH GEORGIA COLLEGE

Finding Control Number: **FS-587-12-01**

EXPENDITURES/LIABILITIES/DISBURSEMENTS

Significant Deficiency

During the majority of the fiscal year under review, the College did not have adequate policies or procedures in place for expenditures to have proper approval before an expense was incurred. The College did not utilize purchase requisitions or purchase orders in order to document approvals.



FULL DISCLOSURE MANAGEMENT REPORTS

Full Disclosure Management Report Comments – 19 comments reported

Armstrong Atlantic State University – 6 comments

Augusta State University – no matters were reported

Darton State College – 1 comment

East Georgia State College – 4 comments

Gainesville State College – 3 comments

Georgia Gwinnett College – no matters were reported

Macon State College – 3 comments

Middle Georgia College – no matters were reported

North Georgia College & State University – no matters were reported

South Georgia College – 1 comment

Waycross College – 1 comment



AGREED UPON PROCEDURES REPORTS

Agreed Upon Procedures Deficiencies – 38 deficiencies reported

Abraham Baldwin Agricultural College – 1 deficiency

Albany State University – 12 deficiencies

Atlanta Metropolitan State College – 5 deficiencies

Bainbridge College – 1 deficiency

Clayton State University – We did not note any exceptions as the result of our procedures.

Columbus State University – 3 deficiencies

Dalton State College – We did not note any exceptions as the result of our procedures.

Georgia College and State University – 7 deficiencies

Georgia Highlands College – 1 deficiency

Georgia Southwestern University – 2 deficiencies

Savannah State University – 2 deficiencies

Skidaway Institute of Oceanography – 3 deficiencies

University of West Georgia – 1 deficiency



OTHER ITEMS NOTED

- 58 Deficiencies reported through exit conference comments
- Misstatements noted (See following table for aggregate effect)
 - Uncorrected GAAP Misstatements – 126 Items
 - Corrected GAAP Misstatements – 42 Items
 - Uncorrected Budget Basis Misstatements – 20 Items
 - Corrected Budget Basis Misstatements – 19 Items
 - Presentation and Disclosure Misstatements – 64 Items (40 Items corrected and 24 uncorrected)



OTHER ITEMS NOTED

NET EFFECT OF MISSTATEMENTS NOTED ON FINANCIAL STATEMENTS

Category	Assets	Liabilities	Fund Balance/ Net Assets	Revenues	Expenses
Uncorrected GAAP	\$1,028,699.34	\$5,291,756.13	(\$5,539,610.27)	(\$1,758,015.97)	\$977,170.77
Uncorrected Budget	\$232,100.63	\$38,664.01	\$253,498.72	(\$1,004,497.50)	\$480,234.14
Corrected GAAP	(\$3,078,222.32)	\$1,949,752.00	\$640,908.00	(\$1,020,167.25)	\$1,507,729.57
Corrected Budget	\$265,288.30	(\$309,872.12)	\$252,272.61	(\$207,688.79)	\$0.00



QUESTIONS

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