

**BOARD OF REGENTS OF THE
UNIVERSITY SYSTEM OF GEORGIA
REPORT ON AGREED-UPON PROCEDURES -
SAVANNAH STATE UNIVERSITY**

JUNE 30, 2017

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES – SAVANNAH STATE UNIVERSITY

Board of Regents of the University System of Georgia
Attention: Mrs. Claire Arnold
Atlanta, GA

We have performed the procedures enumerated below, which were agreed to by the Board of Regents of the University System of Georgia (USG), solely to assist you with respect to Savannah State University (the "University") being consolidated with USG's Annual Financial Report (AFR) as of June 30, 2017. The sufficiency of these procedures is solely the responsibility of the Board of Regents of the University System of Georgia. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and associated findings are as follows:

1. We traced the following financial account grouping balances on the June 30, 2017 AFR to the June 30, 2017 general ledger;
 - a. Cash,
 - b. Accounts receivable,
 - c. Capital assets,
 - d. Accounts payable,
 - e. Advances.

We found no exceptions as a result of these procedures.

2. We were engaged to recalculate the June 2017 bank reconciliation and review it for clerical accuracy.

We found no exceptions as a result of these procedures.

3. We were engaged to review the July 2017 bank statement for cleared checks over \$25,000 to ensure proper inclusion or exclusion from the June 2017 bank reconciliation. We were also engaged to review supporting documentation of outstanding deposits-in-transit over \$25,000 on the June 2017 bank reconciliation to ensure proper inclusion.

We found no exceptions as a result of these procedures.

4. We were engaged to review cash receipt documentation on a sample of 40 randomly selected student accounts receivable balances as of June 30, 2017 for any payments received on each student's balance from July 2017 through November 2017.

The 40 student accounts receivable balances selected for testing collectively totaled \$27,727. Of these balances, we noted \$1,620 was received during the period of July 1, 2017 to November 30,

2017. Furthermore, of these balances, we noted \$10,075 was credited during the period of July 1, 2017 to November 30, 2017 for legitimate reasons (*i.e. billed in error, fine appealed and approved, etc.*).

5. We were engaged to perform student drop date procedures on 40 randomly selected student accounts receivable balances as of June 30, 2017. As defined in USG's Business Procedures Manual, Section 10: Accounts Receivable, Subchapter 1.1 Student Receivables, "Students who have not paid or whose financial aid (*i.e. federal aid funds, scholarship funds, and guaranteed third party payor funds, etc.*) has not been affirmed by the "add/drop" date should be dropped from class."

We found no exceptions as a result of these procedures.

6. We were engaged to perform collection effort procedures on 40 randomly selected student accounts receivable balances as of June 30, 2017, as defined in USG's Business Procedures Manual, Section 10.0: Accounts Receivable, Subchapter 7.4 Collection Efforts.

For 19 of the 40 student accounts receivable balances tested, we noted the 2nd Billing Notice was not sent at the prescribed 30 day past due date.

For 15 of the 40 student accounts receivable balances tested, the University was unable to provide any evidence the 2nd Billing Notice was sent.

For 11 of the 40 student accounts receivable balances tested, we noted the 3rd Billing Notice was not sent at the prescribed 60 day past due date.

For 19 of the 40 student accounts receivable balances tested, the University was unable to provide any evidence the 3rd Billing Notice was sent.

For 5 of the 31 student accounts receivable balances tested (*collectively \$100 or more per student and over 90 days past due*), we noted the 4th Notice (Dunning Letter) was not sent at the prescribed 90 day past due date.

For 20 of the 31 student accounts receivable balances tested, the College was unable to provide any evidence the 4th Notice (Dunning Letter) was sent.

For 3 of the 23 student accounts receivable balances tested (*collectively \$300 or more per student and over 120 days past due*), we noted the Final Notice (Stronger Dunning Letter) was not sent at the prescribed 120 day past due date.

For 15 of the 23 student accounts receivable balances tested, the University was unable to provide any evidence the Final Notice (Stronger Dunning Letter) was sent.

For 20 of the 20 student accounts receivable balances tested (*collectively \$300 or more per student and over 180 past due*), the University was unable to provide any evidence the student's delinquent account was transferred to a collection agency.

7. We were engaged to independently recalculate the University's provision for bad debt estimate calculation as of June 30, 2017, as defined in USG's Business Procedures Manual, Section 10: Accounts Receivable, Subchapter 4.1 Provision for Bad Debts.

We noted the University's provision for bad debt estimate calculation was understated by \$2,794,125.

8. We were engaged to review that the University submitted formal write-off requests for delinquent student accounts receivable balances (*collectively \$3,000 and less per student*) to the State Accounting Office as defined in USG's Business Procedures Manual, Section 10: Accounts Receivable, Subchapter 4.4 Assigning Receivables to Third Party Collection Agencies Write-off Policy. We were also engaged to review the University received formal approval of the requested

write-offs from the State Accounting Office before it removed the delinquent student accounts receivable balances from accounts receivable ledger.

No current year write-offs were noted.

9. We were engaged to review current year capital asset expenditure invoices (and other applicable supporting documentation) over \$25,000 to ensure each item was properly capitalized as of June 30, 2017.

We found no exceptions as a result of this procedure.

10. We were engaged to review invoices (and other applicable supporting documentation) for cash disbursements over \$25,000 during July and August 2017 to ensure each applicable expense incurred was properly included or excluded from accounts payable and/or accrued expenses as of June 30, 2017.

For 7 of the 58 invoices reviewed, we noted \$442,103 collectively of expenditures that were improperly excluded from accounts payable and/or accrued expenses as of June 30, 2017.

11. We were engaged to independently recalculate the University's prepaid tuition and fees advance liability calculation for reasonableness as of June 30, 2017.

We found no exceptions as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Regents of the University System of Georgia and is not intended to be and should not be used by anyone other than these specified parties.



Atlanta, Georgia
December 28, 2017