



REPORT ON REVIEW AND FEDERAL COMPLIANCE PROCEDURES • FISCAL YEAR 2022

Savannah State University Savannah, Georgia

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

REVIEW SUMMARY

We have reviewed the financial statements of the business-type activities and the fiduciary funds of Savannah State University, as of and for the year ended June 30, 2022, and issued our report thereon, dated September 15, 2022. We conducted our review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Our Independent Accountant's Review Report, included in the Savannah State University's Consolidated Annual Financial Report, is available on the Georgia Department of Audits and Accounts' website at www.audits.ga.gov/ and on the Savannah State University's website at <https://www.savannahstate.edu/>.

Our review of the University found:

- we are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America;
- no financial reporting findings that require management's attention.
- three items as described in the accompanying Schedule of Other Items (Noted for Management's Consideration)

We have performed the procedures on compliance with federal student financial assistance regulations reflected within the 2022 OMB Compliance Supplement for the year ended June 30, 2022. Savannah State University is responsible for complying with federal student financial assistance regulations reflected within the 2022 OMB Compliance Supplement. Savannah State University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating compliance with federal student financial assistance regulations as reflected in the 2022 OMB Compliance Supplement and meeting the requirements of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) as reflected in the SACSCOC Principles of Accreditation, Section 13.6 for the year ended June 30, 2022.

Our procedures on compliance with federal student financial assistance regulations found a deficiency in internal control over compliance and/or instance of noncompliance or other matter applicable to the Savannah State University, as described in the accompanying schedule of Other Items (Noted for Management's Consideration).

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS-2021-001 Internal Controls Over Financial Reporting

Repeat of Prior Year Finding: FS-2020-001

Finding Status: Previously Reported Corrective Action Implemented

FS-2020-001 Internal Controls Over Financial Reporting

Finding Status: Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA-2021-001 Improve Controls over the Awarding Process

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Repeat of Prior Year Finding: FA-2020-001

Finding Status: Previously Reported Corrective Action Implemented

FA-2020-001 Improve Controls over the Awarding Process

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Finding Status: Previously Reported Corrective Action Implemented

FA-2021-002 Improve Controls over the Return of Title IV Funds Process

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Repeat of Prior Year Findings: FA-2020-005, FA 2016-001, FA 2015-003, FA-548-14-02

Finding Status: Partially Resolved

SSU continued to have a few cases where funds were not returned in a timely manner and one where the wrong end date was used. These were due to a combination of late notifications of the withdrawals, original charges needing to be adjusted, other discrepancies with the withdrawal dates, or the need for manual calculations due to all parts of the term not being set up in BANNER, as well as staffing issues. We also had one student whose funds did not flow to COD but the funds have since been returned.

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

We have been working with all departments involved in the withdrawal process (Registrar, Bursar, and Advising) to continue to improve the flow of the withdrawal form to ensure that withdrawals are processed in time for the aid office to complete the calculation and return timely. The Registrar now reviews weekly any withdrawal forms that have been initiated into the workflow and pushes them through to completion. We continue to review the part of terms set up in the BANNER system to reduce the number of calculations that must be completed manually. We are implementing a 2nd review of all R2T4 calculations to ensure all funds are being returned. The funds for the one student whose funds had not been returned to the DOE at the time of the audit were returned on August 10, 2022.

The improvements to the process flow have already been implemented. The 2nd review will be implemented by 9/15/2022 and the BANNER setup review will be done by 03/31/2023 or earlier.

FA-2020-005 Improve Controls over the Return of Title IV Funds Process

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Finding Status: Partially Resolved

See response to finding number FA-2021-002.

FA 2016-001 Return of Title IV Funds

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Finding Status: Partially Resolved

See response to finding number FA-2021-002.

FA 2015-003 Return of Title IV Funds

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Finding Status: Partially Resolved

See response to finding number FA-2021-002.

FA-548-14-02 Return of Title IV Funds

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: None

Finding Status: Partially Resolved

See response to finding number FA-2021-002.

ENTITY'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FA-2021-003 Strengthen Controls over Enrollment Reporting

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: None
Repeat of Prior Year Finding: FA-2020-006

Finding Status: Partially Resolved

After reviewing the three students' discrepancies, it was identified that two were entered in error as the date processed and not the effective date of students' enrollment status. The third was also an effective date error but the exact cause was not identified. No enrollment statuses were incorrect in these findings; therefore, they will not negatively affect the student's financial status.

In future enrollment reporting to the National Student Clearinghouse, all manually entered effective dates will be double-checked before submitting a report. Also, the Registrar's Office has assigned responsibility to an employee who will be charged with the NSCH reporting. This employee has been reviewing all NSCH training videos and tutorials as well as following the internal instructions for processing enrollment reporting for Fall 2022 and future reporting requirements. The anticipated corrective action should be completed by 3/31/2023 or before.

FA-2020-006 Strengthen Controls over Enrollment Reporting

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: None

Finding Status: Partially Resolved

See response to finding number FA-2021-003.

OTHER ITEMS (NOTED FOR MANAGEMENT'S CONSIDERATION)

Auxiliary Fund Deficit

Observation:

The University System of Georgia's Business Procedures Manual Section 15 states that "Auxiliary Enterprises are operating on a self-supporting basis, where the combination of fees and other revenue is sufficient to meet costs". The Institution's Residence Halls fund reported a net loss of \$1,713,984 and a deficit of \$7,332,642 per GAAP basis.

Recommendation:

The Institution should ensure that the revenue streams associated with the Auxiliary Enterprise funds are sufficient to pay all costs pertaining to the funds.

Response:

SSU acknowledges that the GAAP basis is a deficit for the housing fund; however, for fiscal year 2022 on an annual operating basis, the housing fund reports a positive fund balance of \$3,155,169.

Due Diligence for Student and Uncollectible Accounts Receivable

Observation:

The Institution did not follow established policies and procedures over the due diligence process for student and uncollectible accounts receivable as described in the University System of Georgia Business Procedures Manual Section 10 Accounts Receivable. Section 10.6.1 '*Past Due Notices*' outlines the actions required for collection of receivables. The Institution should send past due notices at 30, 60 and 90 days after the past due date and the account should be referred to a collection agency after 120 to 180 days past the due date if it has been determined that all good faith collection efforts have been exhausted.

Our review of thirty-five accounts receivables identified that twenty-four student accounts did not have appropriate past due notices sent at the 30/60/90-day requirements. All twenty-four student accounts noted were older than one year.

Additionally, twelve of the thirty-five student accounts reviewed did not have billing statements and letters sent to students with past due balances on file to support collection efforts. All twelve student accounts noted were older than one year.

Recommendation:

The Institution should perform the due diligence procedures outlined in the University System of Georgia Business Procedures Manual. The Institution should maintain billing statements and letters sent to students with past due balances to support collection efforts.

Response:

SSU is pleased to confirm that the fiscal year 2022 collection efforts followed the USG requirements for sending appropriate past due notices at the 30/60/90-day requirements. While the University acknowledges that before this time, there was a need for improvement, SSU has successfully implemented the necessary correction procedures to address this issue.

Although the deficiency is for items greater than one year, SSU will continue to ensure billing statements and letters are sent to students with past due balances and are maintained on file for appropriate record keeping. SSU will also support the current staff by providing training on such matters when necessary.

OTHER ITEMS (NOTED FOR MANAGEMENT'S CONSIDERATION)

Return of Title IV Funds

Observation:

Our review of a sample of 31 students to test the Institution's compliance with regulations reflected in Title 34 CFR Section 668.22, which is related to the return of Title IV (R2T4) funds, revealed several deficiencies. A variance was noted in the refund calculated for one student and resulted in the return of \$151 more than the required amount to various student financial aid programs. Additionally, the refund returned in the student information system did not agree to the calculation and financial aid funds totaling \$990 were not submitted back to the grantor for one student. Furthermore, returns were not made within the appropriate timeframe for three additional students.

Recommendation:

The Institution should follow established procedures to ensure that R2T4 calculations are accurate and that unearned funds are returned to the appropriate accounts and grantors in a timely manner in accordance with federal regulations. Management should also develop and implement a monitoring process to ensure that controls are operating properly.

Response:

SSU will continue to work with all departments involved in the withdrawal process (Registrar, Bursar, and Advising) to improve the flow of the withdrawal form and ensure that withdrawals are processed in time for the aid office to complete the R2T4 calculation and return funds timely. The Registrar now reviews weekly any withdrawal forms that have been initiated into the workflow and pushes them through to completion. The university will continue to review the part of terms set up in the BANNER system to reduce the number of calculations that must be completed manually.

The improvements to the process flow have already been implemented, and the second review of the R2T4 calculations will be implemented by September 15, 2022. The BANNER setup review will be done by March 31, 2023 or earlier.

After each term, the VP of Enrollment Management and Student Affairs will confirm that the process improvements that have been implemented are successfully working.