



REPORT ON AUDIT • FISCAL YEAR 2024

Augusta University

Augusta, Georgia

A Member Institution of the University System of Georgia

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

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Audit Summary

We have audited the basic financial statements of the Augusta University (University), a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2024, and issued our report thereon, dated December 18, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our Independent Auditor's Report, included in the University's Annual Financial Report, is available on the Georgia Department of Audits and Accounts' website at www.audits.ga.gov and on the University's website at www.augusta.edu.

As part of our single audit of the State of Georgia (State) for the fiscal year ended June 30, 2024, we performed audit procedures at the University that we considered necessary to enable us to express our opinions and issue our reports for the statewide single audit in accordance with GAAS, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our *Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance* and *Report on Schedule of Expenditures of Federal Awards* required by the Uniform Guidance are included in the State's *Single Audit Report*.

Our audit found deficiencies in internal control over compliance and/or instances of noncompliance or other matters applicable to the University, as described in the accompanying *Schedule of Findings and Questioned Costs* under the heading Federal Award Findings and Questioned Costs. The findings identified in our audit are reported in the State's *Single Audit Report* in accordance with Title 2 CFR 200.516(a).

Our audit of the University found:

- the financial statements are presented fairly, in all material respects;
- no internal control over financial reporting findings that require management's attention;
- no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*;
- federal award findings that require management's attention, as described in the accompanying *Schedule of Findings and Questioned Costs* under the heading Federal Award Findings.

Summary of Opinions

Opinion Unit	Type of Opinion	
Business-Type Activities	Unmodified	
Aggregate Discretely Presented Component Units	Unmodified	(Audited by Other Auditors)
Fiduciary Activities	Unmodified	



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the Board of Regents of the University System of Georgia
and
Dr. Russell Keen, President
Augusta University

We have audited the financial statements of the business-type activities, aggregate discretely presented component units, and fiduciary activities of the Augusta University (University), a unit of the University System of Georgia, which is an organizational unit of the State of Georgia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's basic financial statements. Those financial statements were audited in accordance with GAAS but not in accordance with *Government Auditing Standards*, except for the Augusta University Foundation, Inc. and Augusta University Research Institute, Inc. Accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those component units nor does it include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors for the component units specified above.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a

material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

December 18, 2024

Schedule of Findings and Questioned Costs

AUGUSTA UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2024-001 Improve Controls over Federal Direct Student Loan Reconciliations

Compliance Requirement:	Cash Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Number and Title:	84.268 – Federal Direct Student Loans
Federal Award Number:	P268K241311 (Year: 2024)
Questioned Costs:	None Identified

Description:

Augusta University did not perform required monthly reconciliations for the Federal Direct Student Loans program appropriately.

Background Information:

Under the Federal Direct Student Loan program, Augusta University (University) makes Direct Subsidized Loans and Direct Unsubsidized Loans to eligible students, and Direct PLUS Loans to eligible graduate or professional students or to eligible parents of eligible dependent undergraduate students, to pay for the cost of attendance. The student’s Individual Student Information Record (ISIR), along with other information, is used by the University to originate the student’s Direct Loan.

During the current fiscal year, the University originated and disbursed \$104,537,405 in Federal Direct Student Loans to 4,990 students.

Criteria:

As a recipient of federal awards, the University is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Section 685.300(b) state that upon entering into a written program participation agreement associated with Federal Direct Student Loans “the school must promise to comply with the [Higher Education] Act [of 1965] and applicable regulations and must agree to ... on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.”

Condition:

A sample of four periodic Federal Direct Student Loan program reconciliations was randomly selected for testing using a non-statistical sampling method. The reconciliations were reviewed to ensure that the School Account Statement (SAS) data files provided by the U.S. Department of Education’s

AUGUSTA UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Common Origination and Disbursement (COD) system were reconciled appropriately to the student information system and the University's financial records and that variances were resolved in a timely manner. While reconciliations of the Direct Loans disbursed per the student information system and the University's financial records and reconciliations of the cash drawdowns per the COD system and the University's financial records were performed throughout the year, testing revealed that reconciliations of the SAS data files by student were not performed for the months tested.

Cause:

In discussing these deficiencies with management, they stated that the failure to perform the necessary reconciliations at the student level was due to staffing changes and a lack of continuity in the Student Financial Aid Department.

Effect or Potential Effect:

The University is not in compliance with their program participation agreement or federal regulations concerning Federal Direct Student Loans. In addition, omissions and errors in information submitted to the COD system or within the student information system may not be identified and corrected in a timely manner. Furthermore, if all SAS data is not reconciled appropriately, the University cannot close out the Direct Loan account in the COD system at the end of the award year.

Recommendation:

The University should establish procedures and assign responsibility for the monthly and yearly reconciliation of the Federal Direct Student Loan program activity to ensure that the guidelines contained in the Direct Loan School Guide and Federal Student Aid Handbook are followed. The University's Financial Aid and Business Offices should maintain their internal records in such a way that they can prepare the monthly reconciliations accurately and timely. Additionally, management should develop and implement a monitoring process to ensure that controls are operating properly.

Views of Responsible Officials:

We concur with this finding.

AUGUSTA UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

FA 2024-002 Strengthen Controls over Unofficial Withdrawals

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) 84.408 – Postsecondary Education Scholarships for Veteran’s Dependents
Federal Award Numbers:	P007A231020 (Year: 2024), P063P231311 (Year: 2024), P268K241311 (Year: 2024), P379T241311 (Year: 2024), P408A231311 (Year: 2024)
Questioned Costs:	\$2,189

Description:

Augusta University did not properly identify and return unearned Title IV funds for students who unofficially withdrew from classes.

Background Information:

Student financial assistance, or Title IV, funds are awarded by Augusta University (University) to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive. If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, the school must perform a Return of Title IV (R2T4) calculation to determine the amount of Title IV assistance earned by the student. Up through the 60% point in each period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the period of enrollment, a student is considered to have earned 100% of the Title IV funds the student was scheduled to receive during the period.

An unofficial withdrawal is one in which the University has not received notice from the student that the student has ceased or will cease attending the school. Schools must have a procedure in place to determine when a student who began attendance and received or could have received an initial disbursement of Title IV funds officially withdrew. For these unofficial withdrawals, the University must also determine a withdrawal date, which may be the midpoint of the period of enrollment or the last date of an academically related activity in which the student participated.

AUGUSTA UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Criteria:

As a recipient of federal awards, the University is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in Title 34 CFR Section 668.22 provide requirements over the treatment of Title IV funds when a student withdraws. The University is required to determine the amount of Title IV funds that the student earned as of the student's withdrawal date when a recipient of Title IV funds withdraws from the University during a payment period or period of enrollment in which the recipient began attendance. A refund must be returned to Title IV programs when the total amount of the Title IV grant or loan assistance, or both, that the student earned is less than the amount of the Title IV grant and/or loan assistance that was disbursed to the student as of the withdrawal date.

Additionally, provisions included in Title 34 CFR Section 668.22(j) address the timeframe for the return of title IV funds and state "(1) An institution must return the amount of title IV funds for which it is responsible... as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew... (2) For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the – (i) Payment period or period of enrollment... (ii) Academic year in which the student withdrew; or (iii) Educational program from which the student withdrew."

Condition:

A sample of ten students from a population of 100 students who received student financial assistance (SFA) for the Fall 2023 and Spring 2024 semesters and withdrew from the University but for whom no R2T4 calculation was performed was randomly selected for testing using a non-statistical sampling method. Attendance and withdrawal records were reviewed to determine if a refund should have been calculated for these students. Our examination revealed that R2T4 calculations were not performed appropriately for one student who unofficially withdrew during the Fall 2023 semester and one student who unofficially withdrew during the Spring 2024 semester. These students should have been required to return a total of \$2,189 to various SFA programs.

Questioned Costs:

Upon testing a sample of \$54,216 in financial aid disbursements to students who withdrew from the University but for whom no R2T4 was performed, known questioned costs of \$2,189 were identified for omitted R2T4 calculations. Using the total population amount of \$622,973, we project the likely questioned costs to be approximately \$25,155. The following assistance listing numbers were affected by the known and likely questioned costs: 84.063 and 84.268.

Cause:

In discussing these deficiencies with management, they stated that misclassification of the withdrawal types occurred due to inadequate training for processing both official and unofficial withdrawals.

AUGUSTA UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Effect or Potential Effect:

The University is not in compliance with the federal regulations concerning performing R2T4 procedures. This deficiency may expose the University to unnecessary financial strains and shortages. Unearned Title IV funds must be returned to the U.S. Department of Education (ED). Though the University collection efforts could be unsuccessful as the students may no longer attend the University and/or fail to repay the funds. Additionally, failing to identify withdrawn students, not performing R2T4 calculations, and/or not returning unearned Title IV funds to ED in a timely manner may result in adverse actions and impact the University's participation in Title IV programs.

Recommendation:

The University should follow established policies and procedures to ensure that students who unofficially withdrew and received Title IV funds are identified and the required R2T4 calculations are performed. Management should also develop and implement a monitoring process to ensure that controls are operating properly. The University should contact ED regarding resolution of the finding, as well.

View of Responsible Officials:

We concur with this finding.

Management's Corrective Action for Current Year Findings



December 16, 2024

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2024-001 Improve Controls over Federal Direct Student Loan Reconciliations

Compliance Requirement:	Cash Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Number and Title:	84.268 – Federal Direct Student Loans
Federal Award Number:	P268K241311 (Year: 2024)
Questioned Costs:	None Identified

Description:

Augusta University did not perform required monthly reconciliations for the Federal Direct Student Loans program appropriately.

Corrective Action Plans:

The monthly student reconciliations for the Direct Loan programs, including the SAS files, have resumed starting with the October 2024 SAS file. These reconciliations will continue on a monthly basis by the financial aid office, as required, and will be conducted without interruption. The reconciliation process will be closely monitored, reviewed, and approved monthly by management to ensure ongoing compliance.

The loan processing team has been trained on the SAS file import process and direct loan reconciliation. They have also been provided with the necessary system resources to identify variances between COD and Banner at the student level. Additionally, the direct loan reconciliation process documentation will undergo continuous review and monitoring by the loan processing team, with oversight from the Director of Student Financial Aid and Scholarships, to ensure accuracy and adherence to established policies with each new academic year. The loan processing team will have annual refresher training at the beginning of each academic year. Confirmation of employees, date of training, and current training process will be documented.

Estimated Completion Date: January 1, 2025

Contact Person: Kyle Parsons, Director of Student Financial Aid

Telephone: 706-667-4199

Email: kyparsons@augusta.edu



CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2024-002 Strengthen Controls over Unofficial Withdrawals

Compliance Requirement:	Special Tests and Provisions
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	None
AL Numbers and Titles:	84.007 – Federal Supplemental Educational Opportunity Grants 84.063 – Federal Pell Grant Program 84.268 – Federal Direct Student Loans 84.379 – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) 84.408 – Postsecondary Education Scholarships for Veteran’s Dependents
Federal Award Numbers:	P007A231020 (Year: 2024), P063P231311 (Year: 2024), P268K241311 (Year: 2024), P379T241311 (Year: 2024), P408A231311 (Year: 2024)
Questioned Costs:	\$2,189

Description:

Augusta University did not properly identify and return unearned Title IV funds for students who unofficially withdrew from classes.

Corrective Action Plans:

To prevent future errors, staff will undergo training to ensure accurate processing of withdrawals that occur after the term has ended. Both official and unofficial withdrawals will be evaluated based on the student’s last date of attendance when the withdrawal date is after the end of term.

While the Financial Aid Office (FAO) staff have adhered to the current withdrawal procedures, we recognize the need for an update to address instances when the date a student initiates the official withdrawal process is earlier than when the withdrawal is completed. To address this, we will adopt the date the student begins the withdrawal process as the official withdrawal date, if this date precedes the completion of the withdrawal form. Additionally, we will implement automated and electronic system controls to ensure withdrawals are processed accurately and within the required timelines by

monitoring the full withdrawal cycle. The withdrawal policy and administrative procedures documentation will be updated to reflect these changes. Staff will have annual refresher training at the beginning of each academic year. Confirmation of employees, date of training, and training process will be documented.



CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Estimated Completion Date: August 1, 2025

Contact Person: Kyle Parsons, Director of Student Financial Aid

Telephone: 706-667-4199

Email: kyparsons@augusta.edu

Signature: *Russell E. Keen*

Title: 12/16/24

Augusta University

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Augusta University Officials

Dr. Russell Keen, President

Ms. Yvonne Turner, Executive Vice President for Finance, Chief Business Officer

Corrina Warner, Vice President for Finance

Janice Chancey, Assistant Controller, Financial Accounting