Oregon University System

Fiscal Year 2014

Financial Statement Audit
Agenda

• Introductions

• Responsibilities Under US Generally Accepted Auditing Standards (GAAS)

• Financial Audit
  – Scope
  – Results

• Required Communications
  – Auditor’s Communication with Those Charged with Governance
  – Communication of Internal Control Related Matters Identified in an Audit

• Questions
Responsibilities Under US Generally Accepted Auditing Standards (GAAS)

• Responsible For
  – Expressing an opinion on whether financial statements are in conformity with U.S. Generally Accepted Accounting Principles in all material respects.
  – Expressing an opinion only over information identified in our report. Other information included in your financial statement package was read/reviewed, but not subject to testing.
  – Performing audit in accordance with required auditing standards.
  – Communication of significant matters related to audit, information required by law/regulations, or other information agreed upon with the System.
Responsibilities Under GAAS (continued)

• An Audit in Accordance with GAAS
  – Does not relieve management of responsibilities.
  – Includes consideration of internal control as a basis for audit procedures, but not to opine on effectiveness of internal controls.
Financial and Compliance Audit

• Scope

– Financial statement audit of System as a whole
  ◊ Included all 7 campuses and Chancellor’s Office
  ◊ Performed internal control testing, including Information Technology control testing at all locations

– Discretely presented component units audited by other auditors

– Financial statements of Oregon State University, University of Oregon, Portland State University, Oregon Tech, Western Oregon University

– R&D major program for single audit purposes as directed by State Audits Division
Financial and Compliance Audit (continued)

• Results
  – Financial Statements
    ◊ Independent Auditors’ Report
      • Received unmodified opinion
    ◊ Report on internal control over financial reporting, compliance, and other matters
      • One significant deficiency noted
    ◊ IT control recommendations reported to campuses
Required Communications

• Auditor’s Communication with Those Charged with Governance
  – Qualitative aspects of accounting practices
    ◊ Accounting policies
    ◊ Accounting estimates
    ◊ Sensitive financial statement disclosures
  – Difficulties encountered in performing the audit
    ◊ None
  – Uncorrected misstatements
    ◊ See exhibit
  – Corrected misstatements
    ◊ See exhibit
Required Communications (continued)

- Auditor’s Communication with Those Charged with Governance (continued)
  - Disagreements with Management
    ◊ None
  - Representations by Management
    ◊ See exhibit
  - Significant issues discussed with Management prior to retention
    ◊ None
  - Consultations with other accountants
    ◊ None
Required Communications (continued)

• Auditor’s Communication with Those Charged with Governance (continued)
  – Significant issues discussed prior to engagements
    ◊ None
  – Other audit findings or issues
    ◊ Separate letter
  – Group audits
  – Other information in documents containing audited financial statements
Required Communications (continued)

- Communicating Internal Control Related Matters Identified in an Audit
  - Defines deficiency, significant deficiency, and material weakness
  - One significant deficiency reported
    ◇ Segregation of duties conflicts within Banner
Other Communications

- Management and staff were very cooperative and helpful
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