

# UNIVERSITY OF MINNESOTA



**LarsonAllen**  
LLP  
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NOTICEABLY  
**DIFFERENT**

# Agenda

## I. University Engagements FY2007

- Scope of Services
- Work Plan Timing
- FY2007 Audit Modifications
- Audit Risk Areas
- Audit Challenges

## II. Auditing Standards

- New Standard – Audit Documentation SAS 103 & 112
- SAS 103 – Opinion Date
- SAS 112 – Communication Letter



# I. University Engagements FY2007



# Scope of Services

- U of MN financial statement audit
- Federal & State compliance audits (OMB-A133 & OHE audits)
- RUMINCO financial statement audit
- Northrup financial statement audit
- Agreed Upon Procedures:
  - NCAA Compliance
  - Office of Asset Management
  - Student Organizations
- Required communications:
  - Management letter (SAS 112)
  - Board of Regents communication (SAS 61)



# Work Plan Timing

<i>Activities</i>	May	June	July	August	Sept.	Oct.
<b>Planning</b>						
University financial statement audit						
University A-133 compliance audit						
State compliance audit						
RUMINCO financial statement audit						
Agreed Upon Procedures						
<b>Fieldwork</b>						
University financial statement audit						
University A-133 compliance audit						
State compliance audit						
RUMINCO financial statement audit						
Agreed Upon Procedures						
<b>Reporting</b>						
University financial statement audit						
University A-133 compliance audit						
State compliance audit						
RUMINCO financial statement audit						
Agreed Upon Procedures						



# FY2007 Audit Modifications

- Streamlining audit process and requests
- Integrating audit plan with internal audit
- By-campus reporting is not required
- Rotation of audit procedures as required and permitted by standards



# Audit Risk Areas

- Alternative investments
- Payroll expense
- Bonds & notes payable
- Significant Estimates
  - Severance Benefits
  - Accounts Payable
  - Allowance for Doubtful Accounts
- Federal Awards:
  - Sponsored Research
  - Student Financial Aid
  - Other Programs Based on Risk Assessment
- Revenue
- Information systems
- Financial Statement Disclosures



# Audit Challenges

- Competition for resources due to PeopleSoft implementation
- Implementation of a portion of PeopleSoft Software
- Commitments for Alternative Investments
- Reviewing GASB 39
- New audit standards required for fiscal year 2007 audit





## II. Auditing Standards



# New Standards – Audit Documentation

## SAS 103 & 112

- For the U of MN and Component Units, the effective date is for *fiscal year 2007*
- Affects all FASB and GASB audits
- SAS 103 affects extent of audit documentation and the dating of the audit opinions
- SAS 112 affects communication of findings



# SAS 103-Opinion Report Date

- **Report date** – The date on which sufficient evidence is obtained to support the opinion.
  - **NOT the last day of fieldwork**
- Sufficient evidence includes:
  - Evidence that the workpapers have been reviewed (LarsonAllen reviewed).
  - Evidence that the financial statements, including disclosures, have been prepared and management has accepted responsibility for the financial statements (U of MN).



# SAS 112-Communication Letter

- Communication of findings
  - Deficiencies (verbal)
  - Significant deficiencies (Written)
  - Material weaknesses (Written)
  - Other Comments (Optional)
- Other written communications to “those charged with governance”
  - those with responsibility for overseeing the strategic direction of the entity and the financial reporting and disclosure process
- Aligned with Sarbanes-Oxley communications



# SAS 112-Considerations for the U of MN

- Estimates
- Responsibility of financial reporting
- Passed adjustments
- Items immaterial but are projected to be material in the future
- Significant deficiencies existing in multiple years
- OMB A133 reports may include the SAS 112 communications
- Given the SAS 112 “MUST” be communicated within 60 days after report issuance, that may be the deadline for the single audit reports as well.
- How to communicate improvements noted for operating effectiveness and efficiency or best practices.



# Questions and Feedback

We welcome any questions pertaining to the engagements.

**Thank you!**

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